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November 8, 2004

Mary L. Cottrell, Secretary
Department of Telecommunication and Energy
One South Station, 2nd Floor
Boston, MA 02202

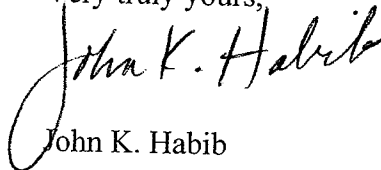
Re: D.T.E. 04-85 — Petition of Boston Edison Company and Commonwealth Electric Company for Approvals Relating to the Restructuring of Power Purchase Agreements with Northeast Energy Associates Limited Partnership

Dear Secretary Cottrell:

Enclosed please find the responses of Boston Edison Company and Commonwealth Electric Company d/b/a NSTAR Electric (the "Companies") to discovery questions asked by the Attorney General and the Department of Telecommunications and Energy in the above-referenced proceeding, as listed on the following Discovery Log. Please note that certain documents that are responsive to these questions are confidential and are being filed under separate cover with the Attorney General and the Hearing Officer only.

Thank you for your attention to this matter.

Very truly yours,


John K. Habib

Enclosures

cc: Service List
Joan Foster Evans, Hearing Officer (2)
Colleen McConnell, Assistant Attorney General (2)

LOG OF RESPONSES FILED

D.T.E. 04-85

November 8, 2004 (Second Filing)

AG-1-1	Filed Herewith	Attachment AG-1-1 (a) Attachment AG-1-1 (b) Attachment AG-1-1 (c) Attachment AG-1-1 (d) Attachment AG-1-1 (e)
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AG-1-3	Filed November 3	Attachment AG-1-3 CONFIDENTIAL
AG-1-4	Filed November 3	Attachment AG-1-4 (a) Attachment AG-1-4 (b) Attachment AG-1-4 (c)
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Information Request AG-1-1

Please identify and list all contracts, agreements, letters of understanding and amendments thereto between the Company and the owners of the NEA generating facility since its inception. Please also provide copies of all such documents. Include copies of Department orders, letters or other evidence of Department approval the contracts, agreement, letters of understanding and amendments.

Response

The existing contracts, as amended, are set forth in the Initial Filing, Petition, Appendix A, Bates pages 0059-0163, 0195-0275, 0306-0355 and 0387-0429.

Please find attached Department approvals for the following:

Commonwealth

Attachment AG-1-1(a) — 1st Amendment to NEA 1 approval dated 10/24/88

Attachment AG-1-1(b) — Original Agreement to NEA 2 approval dated 11/18/88

Boston Edison

Attachment AG-1-1(c) — Original Agreement to NEA A approval dated 6/20/86

Attachment AG-1-1(d) — 2nd Amendment to NEA A approval dated 6/27/89

Attachment AG-1-1(e) — 1st Amendment to NEA B approval dated 6/27/89

The remaining approvals are unavailable.



The Commonwealth of Massachusetts
Department of Public Utilities
Leverett Saltonstall Building, Government Center
100 Cambridge Street, Boston 02202

October 20, 1988

Marcy S. Rosenzweig
Supervisor-Rate Regulation
Commonwealth Electric Company
Post Office Box 9150
Cambridge, MA 02142-9150

RE: Amendment to a Power Sale Agreement between Commonwealth
Electric Company and Northeast Energy Associates, Ltd.

Dear Ms. Rosenzweig:

On August 24, 1988, Commonwealth Electric Company filed with the Department an amendment to a power sale agreement between Commonwealth and Northeast Energy Associates, Ltd., dated November 26, 1986, approved by the Department pursuant to the Department's regulations 220 CMR 8.03(2)(a), and effective on February 2, 1987. The agreement entitles Commonwealth to purchase 25 megawatts of the capacity and related energy produced by a cogeneration facility to be located in Bellingham, Massachusetts.

Based on our review of the amendment to the agreement, the Department finds that the amendment does not materially and adversely affect the terms of the agreement or the agreement's cost effectiveness.


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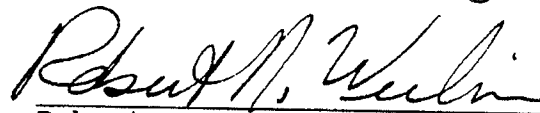
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Accordingly, the Department finds that the above-named amendment to the power sale agreement is in the public interest and is hereby approved.

Sincerely,


Bernice K. McIntyre, Chairman


Susan F. Tierney, Commissioner


Robert N. Werlin, Commissioner

cc: Donna Sorgi, Esq.
Department of the Attorney General

Mary Beth Gentleman, Esq.
Executive Office of Energy Resources



The Commonwealth of Massachusetts
Department of Public Utilities
100 Cambridge Street — 12th Floor
Boston, Massachusetts 02202

(617) 727-3500

November 18, 1988

Marcy S. Rosenzweig
Supervisor-Rate Regulation
Commonwealth Electric Company
Post Office Box 9150
Cambridge, MA 02142-9150

RE: Power Sale Agreement between Commonwealth Electric Company
and Northeast Energy Associates, Ltd.

Dear Ms. Rosenzweig:

On September 18, 1988, Commonwealth Electric Company filed with the Department, pursuant to Department regulation 220 CMR 8.03(2)(a), a power sale agreement between Commonwealth and Northeast Energy Associates, Ltd., dated August 15, 1988. The agreement entitles Commonwealth to purchase 21 megawatts of the capacity and related energy produced by a cogeneration facility to be located in Bellingham, Massachusetts.

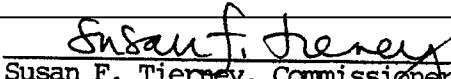
Based on our review of this contract and of further information provided by the Company, the Department finds that the contract provides for the sale of electricity under terms and conditions which are likely to produce benefits to the Company and its ratepayers over the life of the agreement.

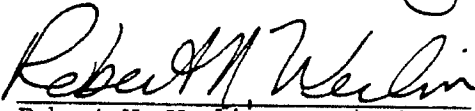
cc JVP
SRF
DJL
HGS
MRK
DLC
BLH
SAB/R.D.
MSR
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JMA
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Accordingly, the Department finds that the above-named power sale agreement is in the public interest and is hereby approved.

Sincerely,


Bernice K. McIntyre, Chairman


Susan F. Tierney, Commissioner


Robert N. Werlin, Commissioner

cc: Donna Sorgi, Esq.
Department of the Attorney General

Mary Beth Gentleman, Esq.
Executive Office of Energy Resources



The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

Attachment
AG-1-1(c)

June 20, 1986

D.P.U. 86-91

Petition of Boston Edison Company pursuant to the provisions of G.L. c. 164, sec. 94A, for the approval by the Department of Public Utilities of a contract for the purchase of power from Northeast Energy Associates.

I. INTRODUCTION

On April 18, 1986, Boston Edison Company ("Company" or "BECO") submitted to the Department of Public Utilities ("Department") a contract for the purchase of power from a planned 100 to 250 megawatt ("MW") generating facility to be owned by Northeast Energy Associates ("NEA"). The proposed facility, a gas-fired combined cycle cogeneration plant, will be located in the Medway/North Bellingham area.

NEA intends to receive designation from the Federal Energy Regulatory Commission ("FERC") as a qualifying facility ("QF") under 18 C.F.R. 292.203. According to FERC regulations, however, QFs above 30 MW in size are not exempt from the Public Utility Holding Company Act, the Federal Power Act, or applicable state laws and regulations (see 18 C.F.R. 292.601). In addition, G.L. c. 164, sec. 1, limits the Commonwealth's definition of a cogenerator to facilities of 30 MW in size or less. BECO, therefore, filed the contract in accordance with G.L. c. 164, sec. 94A, which requires Department approval of power purchase agreements that are greater than one year in duration. The Company stated, however, that it structured the agreement as a QF contract and requested that it be reviewed in terms of the Department's regulations governing the sale of power by QFs to utilities. In addition, the Company requested that the contract be reviewed within the 60-day period required for negotiated QF contracts (220 C.M.R. 8.03(2)).

II. CONTRACT DESCRIPTION

The agreement obligates BECO to purchase dedicated

capacity and the associated energy generated by the facility of at least 50 MW, but no more than 100 MW of net output for 25 years after the facility begins operating, which is projected to be October 1, 1989. Payment for energy or capacity delivered to the Company will be on a time-differentiated, time-of-delivery basis.

The contract contains two price components. For capacity delivered during BECo's peak periods, NEA will receive a capacity purchase price of 1.04 cents per kilowatthour ("KWH") for the duration of the agreement. For energy delivered during peak and off-peak periods, NEA will receive an energy purchase price based on a percentage of the Company's avoided energy costs according to the following schedule:

<u>Period</u>	<u>Percentage of Avoided Costs</u>
Commencement Date through 2000	80
2001 through 2006	85
2007 through Term of the Contract	90

The contract also contains a floor price/energy bank provision. After operation commences and until the year 2000, the purchase price for the power will be the greater of a floor price of 6.5 cents per KWH, or a capacity purchase price of 1.04 cents per KWH (peak periods only) plus an energy purchase price of 80 percent of the Company's projected avoided energy costs. The energy bank, an accounting mechanism, will track the difference between the two prices in each month until a balance no longer exists or the year 2000, whichever occurs first.

Where the monthly payment to NEA calculated using the floor price exceeds the monthly payment calculated using the capacity and energy purchase prices, the difference will be applied as a positive balance to the energy bank. Where the reverse is true, that is, the monthly payment calculated using the capacity and energy purchase prices exceeds the monthly payment calculated using the floor price, the difference will be applied to reduce the balance in the energy bank. Where the energy bank balance is zero or positive for a period of six months, NEA will receive a payment based on the Company's actual avoided energy costs.

The energy bank balance will bear interest, compounded monthly, at the prime rate of the Bank of Boston. While NEA has the option to pay the energy bank balance at any time, any balance remaining in the energy bank by January 1, 2000, must be paid in full to the Company by the end of that month. From then on, the NEA energy purchase price will be based on BECo's actual avoided costs.

From the year 2000 on, where the floor price is greater than the capacity purchase price and energy purchase price, NEA will receive payment based on the floor price and a second energy bank will be instituted to track the difference between monthly payments based on the floor price and monthly payments based on the capacity and energy purchase prices.

Security for the first energy bank is to be provided through two separate instruments: a second lien on the facility for 50 percent of the largest projected energy bank balance, and a bank letter of credit to be adjusted annually to cover the remaining balance in the energy bank, if any exists.

Security for the second energy bank balance is to be provided through a bank letter of credit for 50 percent of the highest projected energy bank balance.

The contract also contains provisions for construction performance, including a number of specific project milestones that must be met for the contract to remain in effect.

III. COMPANY ISSUES

In a letter addressed to the Department on May 16, 1986, the Company requested that the Department address two additional issues in its review of the NEA contract. Specifically, the Company stated that it cannot go forward with the NEA contract unless the Department assures the Company (1) that utility prudence in initial QF contract execution does not have a bearing on the later recovery of costs, and (2) that generating unit performance goals cannot be applied to the NEA generating units, and that liability for NEA unit performance cannot be imputed to the Company. The Company stated that both concerns came as a result of the recent decision of the Massachusetts Supreme Judicial Court in Commonwealth Electric Company v. Department of Public Utilities, 397 Mass. 361 (1986), in which responsibility for the actions of third-party contractors was imputed to utilities.

IV. ANALYSIS AND FINDINGS

The Department will address four issues in its review of the NEA contract. First, whether the Department's rules governing a utility purchase of QF power (220 C.M.R. 8.00) apply to the NEA contract although, because of its size, it has been

filed in accordance with G.L. c. 164, sec. 94A. Second, whether the rates, terms, and conditions of the contract yield ratepayer benefits and afford adequate protection against overpayment to NEA. Third, whether BECo is assured of cost recovery for the life of the contract. Fourth, whether BECo is liable for QF generating unit performance and replacement power costs related to QF non-performance.

With regard to the first question, Section 8.02(1) of the Department's current rules governing utility purchase of QF power states that

All facilities which meet the criteria specified by the FERC in section 292.203 (a) and (b) are qualifying small power producers and cogenerators and are eligible for the rates, terms and conditions specified herein.

Insofar as the NEA facility meets such FERC criteria, the NEA facility is regarded by the Department as a QF and the Department's rules governing power sales between QFs and utilities apply. The Department, therefore, has reviewed the NEA contract both in terms its QF regulations and G.L. c. 164, sec. 94A.

To address the second question, the Department has reviewed the terms of the contract as well as alternative assumptions and projections of future fuel prices to determine if ratepayers are likely to benefit over the life of the contract even in the event that fuel prices fall to the lower range of predicted prices. Such analysis is necessary as it is the Department's overall concern in reviewing purchase power contracts, whether under 220 C.M.R. 8.00 or G.L. c. 164, sec.

94A, that such contracts are reasonable and are likely to yield ratepayer benefits.

To estimate ratepayer benefits, three different scenarios were developed using DRI Fuel Price Forecasts (October 1985) to project BECo's future avoided costs for twenty-five years beginning in 1989 (Exhibits NEA 1-3.) Assuming a 100 MW purchase at an 80 percent capacity factor, future ratepayer savings were projected for a base fuel price case, a high fuel price case, and a low fuel price case by (1) calculating the difference between the projected payment to NEA and the Company's projected avoided energy costs, (2) calculating accumulated ratepayer savings for each year, and (3) calculating the net present value for each year's accumulated savings in terms of 1986 dollars using BECo's weighted cost of capital of 13.37 percent.

In the base fuel price scenario, ratepayers are projected to realize benefits in the fifth year of the contract with the cumulative net present value of ratepayer benefits totaling \$43,903,187 for the term of the contract (Exh. NEA-1). In the high fuel price scenario, the situation where ratepayers would receive the greatest benefits, ratepayers are projected to realize benefits in the second year of the contract with the cumulative net present value of ratepayer benefits totaling \$97,179,733 for the term of the contract (Exh. NEA-2). In the low fuel price scenario, the situation that presents the greatest risks to ratepayers in terms of potential overpayment to NEA, ratepayers are projected to realize benefits in the

seventeenth year of the contract with the cumulative net present value of benefits totaling \$7,658,215 for the term of the contract (Exh. NEA-3). Thus, even in the case of low fuel prices, ratepayers are likely to receive benefits over the life of the contract.

There are two reasons why the contract is likely to yield savings to ratepayers. In the first place, the contract provides NEA with payments less than 100 percent of the Company's avoided costs for the life of the contract. In the second place, the fixed price portion of the contract is for a limited period only. Beginning with the year 2000, payment to NEA is to be based on the Company's actual avoided costs.

The Department notes, however, that in the low fuel price scenario, between the years 1990 and 2004, the contract assigns to ratepayers the risk of potential overpayment without compensating benefits. Should NEA terminate the contract in that period, ratepayers would not realize savings and would, in the year 1999, be liable for a maximum overpayment of \$11,116,061 on a cumulative net present value basis. The Department has indicated, however, in D.P.U. 84-276-A that security to protect ratepayers from the risk of overpayment is appropriate only to cover those payments to QFs that are expected to exceed a utility's projected avoided costs (D.P.U. 84-276-A, p. 21). Such security is provided for in the NEA contract. The Department finds, therefore, that the contract with NEA is likely to benefit the Company's ratepayers and is reasonable.

Concerning the third issue, it has been the Department's policy and practice, since its regulations governing utility purchase of QF power have been in effect, to allow utilities to recover the costs of QF contracts from ratepayers through the fuel charge clause without a prudence review or further finding of economic necessity. Furthermore, this issue has also been addressed by the Department in its rulemaking proceeding, D.P.U. 84-276, to amend its QF regulations. In D.P.U. 84-276-A the Department proposed a new section, 8.03(3), which specifically allows for utility recovery of QF contract costs where the rates, terms and conditions of the contract have been approved by the Department. Thus the Department has a policy of permitting full cost recovery for utility purchases from QFs where the terms, conditions and rates have been approved by the Department.

Regarding the fourth issue, the issue raised by BECO concerning utility liability for QF performance, the Department stated in D.P.U. 84-276-A that

...the Department believes that QFs should be paid based on KWH deliveries and time-differentiated prices reflecting changes in utility avoided costs. Therefore, the rules propose no imposition of operating performance criteria on QFs which are to be paid in this manner. Id. p. 22.

Since a QF would not be receiving payments if it fails to perform, ratepayers are sufficiently protected from incurring excessive costs associated with a QF's failure to perform. In addition, replacement power costs in the context of a QF failure should not be substantially different from avoided energy and

capacity costs being paid for QF output. It follows, therefore, that utilities need not be held liable for any lack of QF performance where the contract meets the above terms and has received Department approval. Accordingly, the issue of holding a company liable for the that failure does not apply.

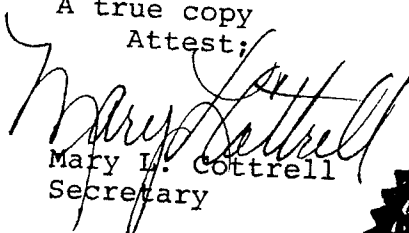
On a final note in this matter, the Department is concerned over representations made in the Company's May 16th letter which indicated that it would not proceed with a contract which it has determined to be beneficial to ratepayers unless the Department stated in advance its position concerning the ratemaking treatment to be accorded this contract. The Department reiterates its position that the Company has an ongoing obligation to provide reliable service at reasonable cost, and that this responsibility rests with BECo's management and not with the Department. Boston Edison Company, D.P.U. 86-71(1986.

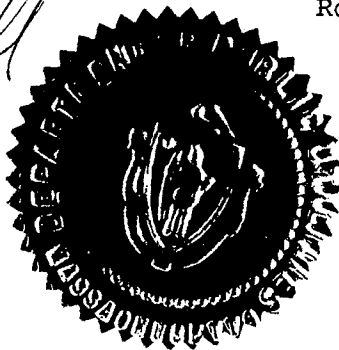
V. ORDER

Accordingly, after due consideration, it is

ORDERED: That the contract between Boston Edison Company and Northeast Energy Associates filed with the Department on April 18, 1986, be and hereby is approved.

A true copy
Attest;


Mary L. Cottrell
Secretary



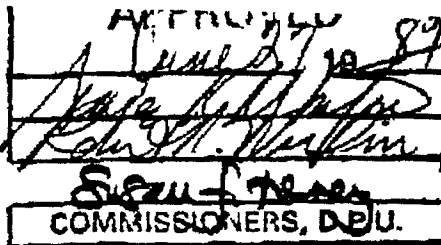
By Order of the Department,

/s/ ROBERT J. KEEGAN

Robert J. Keegan, Commissioner

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of the twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by Filing a copy thereof with the clerk of said court. (Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).



SECOND AMENDMENT TO
POWER PURCHASE AGREEMENT

AGREEMENT entered into this 21ST day of June 1987, by

and between BOSTON EDISON COMPANY, a Massachusetts corporation having its principal place of business at 800 Boylston Street, Boston, Massachusetts ("Company"), and NORTHEAST ENERGY ASSOCIATES, A LIMITED PARTNERSHIP, a Massachusetts limited partnership having its principal place of business at 111 Lincoln Place, Hingham, Massachusetts ("Seller").

WHEREAS, Seller and Company entered into an Agreement dated April 1, 1986 (the "Agreement"), pursuant to which Seller agreed to sell and Company agreed to purchase electric capacity and energy to be generated from an electric cogeneration facility (the "Facility") that Seller plans to construct, own and operate at a site to be owned by Seller in Bellingham, Massachusetts. Capitalized terms used in this Second Amendment which are defined in the Agreement and not otherwise defined herein shall have the same meanings herein as assigned to such terms in the Agreement;

WHEREAS, Seller and Company amended the Agreement on June 8, 1987 pursuant to a First Amendment and hereby agree to further amend the Agreement;

WHEREAS, Seller entered into (i) an agreement dated October 17, 1986 with Montaup Electric Company (the "MEC Agreement") and (ii) an agreement dated November 26, 1986 with

Commonwealth Electric Company as amended by a First Amendment to
Power Sale Agreement dated as of August 15, 1988 and a Second
Amendment to Power Sale Agreement "A" dated as of January 1, 1989
(the "CEC Agreement A"), and an agreement dated August 15, 1988
with Commonwealth Electric Company as amended by an Amendment to
Power Sale Agreement "B" dated as of January 1, 1989 (the "CEC
Agreement B") pursuant to which Seller agreed to sell and Montaup
Electric Company, a Massachusetts corporation ("MEC"), and
Commonwealth Electric Company, a Massachusetts corporation
("CEC"), respectively agreed to purchase, electric capacity and
energy to be generated from the Facility. The MEC Agreement, the
CEC Agreement A and the CEC Agreement B are hereinafter referred
to collectively as the "Other Agreements". The recital set forth
in this paragraph shall be deemed to be a recital to the
Agreement.

WHEREAS, Seller and Company desire to further amend the
Agreement as hereinafter provided, among other reasons, to
increase Company's entitlement to capacity and associated electric
energy from the Facility, to adjust pricing to account for such
increase in Company's entitlement and to resolve certain
inconsistencies between the Agreement and the Other Agreements.

NOW, THEREFORE, in consideration of the mutual
undertakings and agreements contained in the Agreement and in this

Amendment, Seller and Company hereby agree to amend the Agreement
as follows:

D.T.E. 04-85
Attachment AG-1-1 (D)
Page 3 of 30

I. The first paragraph of the recitals to the Agreement is hereby amended by deleting the phrase "with a minimum Net Electrical Capability of approximately one hundred (100) megawatts (MW) and a maximum Net Electrical Capability of approximately two hundred fifty (250) MW" and substituting in lieu thereof the phrase "with a Net Electrical Capability of approximately three hundred (300) megawatts ("MW")".

II. Paragraph (f) of Article 1 of the Agreement is hereby amended by deleting the phrase "October 1, 1989" and substituting in lieu thereof the phrase "on or about October 1, 1991".

III. Paragraph (g) of Article 1 of the Agreement is hereby amended by deleting such paragraph in its entirety and substituting in lieu thereof the following: "Company's Entitlement: Company's entitlement shall be $\frac{135\text{MW}}{\text{Net Electrical Capability}} \times (100\%)$ of the Capacity and Associated Energy". In addition, paragraph (v) of Article 1 of the Agreement is hereby amended by deleting the last sentence thereof and substituting in lieu thereof the following: "The Net Electrical Capability of Facility shall be approximately three hundred (300) megawatts".

IV. Paragraph (aa) of Article 1 of the Agreement is hereby amended by inserting the word "energy" after the word "That."

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V. Paragraph (a) of Article 2 of the Agreement is hereby amended by deleting the first sentence thereof in its entirety and substituting in lieu thereof the following: "Seller agrees to sell and Company agrees to purchase and accept delivery of Company's Entitlement to the Facility, which has a Net Electrical Capability of approximately three hundred (300) megawatts, during the term of this Agreement as stated in Article 4".

VI. Article 2(f) of the Agreement is hereby amended by deleting such paragraph in its entirety and substituting in lieu thereof the following:

"(f) Seller shall not enter into any contract for the sale of electricity from any addition to or expansion of the Facility or from any other electricity generation facilities located on the site of the Facility, until and unless, (i) Seller shall have first offered to enter into a contract with Company for the purchase and sale of an amount of such electricity proportionate to Company's then current entitlement share to the Facility on substantially the same business terms as those specified in any proposal or letter of intent between Seller and any other party with respect thereto and (ii) Company does not accept such offer within sixty (60) days of the date presented to Company in writing and enter into a contract reflecting such business terms within one hundred and twenty (120) days thereafter. Further, should Seller operate the Facility beyond the

terms of this Agreement, Seller shall enter into a contract for the sale of electricity from the Facility or any other electricity generation facilities located at the site of the Facility only under the conditions set forth in the foregoing sentence. Seller agrees to keep Company fully and promptly apprised of any plans Seller may develop for any addition to or expansion of the Facility or the development of any other steam or electricity generation facilities on the site of the Facility, which information Company agrees not to disclose except with Seller's prior written permission."

VII. Article 2 of the Agreement is hereby amended by adding thereto as paragraph (g) the following:

"Seller shall make available and dedicate to Company for the term of this Agreement capacity and electric energy in the amount of 135 megawatts."

VIII. Article 3 of the Agreement is hereby amended by deleting the first two sentences of paragraph (g) thereof in their entirety and substituting in lieu thereof the following:

"This Agreement shall remain in full force and effect on the terms and conditions provided herein, notwithstanding the revocation of Seller's Qualifying Facility certification for the Facility."

IX. Article 3 of the Agreement is hereby amended by inserting the phrase "If applicable," at the beginning of paragraph (h) thereof.

X. Article 4, Paragraph (b) of the Agreement is hereby amended by inserting prior to the last sentence thereof the following:

"Company shall have the right, at its sole discretion, to extend the term hereof by five years by giving written notice to Seller of Company's election to do so at least six months prior to the scheduled expiration date.

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XI. Article 4(c) of the Agreement is hereby amended by (i) replacing the phrase "Articles 4(b), 9A(f), 9B(c) and 10(e)" with the word "herein", (ii) replacing the phrase "a breach of contract" with the phrase "an Event of Default", (iii) replacing the phrase "twelve (12) months after the Effective Date" in subparagraph (5) thereof with the phrase "December 31, 1988", (iv) inserting the word "Final" before the words "Environmental Impact Report" in subparagraph (6) thereof and replacing the phrase "fifteen (15) months after the Effective Date" in subparagraph (6) with the phrase "June 1, 1988", (v) replacing the phrase "forty-eight (48)" in subparagraph (8) thereof with the phrase "fifty-four (54)", (vi) replacing the phrase "earlier of January 1, 1992, or sixty-six (66) months after the Effective Date" in subparagraph (9) thereof with the phrase "July 1, 1992, provided that Company shall not terminate this Agreement prior to December 31, 1993 so long as such delay is the result of an event or events of Force Majeure (as Force Majeure is defined in the Design-Build Contract between Seller and its turn-key construction contractor, said definition for the purposes of this Section 4(c)(9) is attached hereto as Appendix 3)", (vii) deleting subparagraphs (10) through (18), and (viii) adding as subparagraphs (10) through (16) thereof the following:

- "(10) the failure of Seller to have a closing on construction financing for the Facility by January 1, 1990;
- (11) cancellation of the Facility by Seller;
- (12) the dissolution or liquidation of either Party, in which case the dissolved or liquidated Party shall be deemed to be the Party in default hereunder;
- (13) either Party shall fail to perform or observe any of the material terms or conditions or provisions of this Agreement other than those identified elsewhere in this Article 4(c), and such failure shall not be rectified or cured within forty-five (45) days after notice thereof from the non-defaulting Party, provided, however, that if such failure cannot reasonably be cured within such forty-five (45) day period, there shall not be an Event of Default until the expiration of such further period, not to exceed two (2) years after written notice thereof, as shall reasonably be required to effect such cure, provided that the defaulting Party commences within such forty-five (45) day period to effect such cure and at all times thereafter proceeds diligently to complete such cure as quickly as possible, subject to the provisions of Article 13;
- (14) either Party shall be involved in financial difficulties as evidenced:
- (i) by its commencement of a voluntary case under Title 11 of the United States Code as from time to time in effect, or by its authorizing, by appropriate proceedings of its board of directors, general partners or other governing body, the commencement of such a voluntary case;
 - (ii) by its filing an answer or other pleading admitting or failing to deny the material allegations of a petition filed against it commencing an involuntary case under said Title 11, or seeking, consenting to or acquiescing in the relief therein provided, or by its failing to

controvert timely the material allegations of any such petition; P.T.E. 04-85
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(iii) by the entry of an order for relief in any involuntary case commenced under said Title 11;

(iv) by its seeking relief as a debtor under any applicable law, other than said Title 11, of any jurisdiction relating to the liquidation or reorganization of debtors or to the modification or alteration of the rights of creditors, or by its consenting to or acquiescing in such relief;

(v) by the entry of an order by a court of competent jurisdiction (a) finding it to be bankrupt or insolvent, (b) ordering or approving its liquidation, reorganization or any modification or alteration of the rights of its creditors, or (c) assuming custody of, or appointing a receiver or other custodian for all or a substantial part of its property and such order shall not be vacated or stayed on appeal or otherwise stayed within thirty (30) days;

(vi) by the filing of a petition against such Party under Title 11 which shall not be vacated within thirty (30) days; or

(vii) by its making an assignment for the benefit of, or entering into a composition with, its creditors, or appointing or consenting to the appointment of a receiver or other custodian for all or a substantial party of its property;

(15) the failure of Seller to deliver five hundred ninety-one million, three hundred thousand (591,300,000) kilowatthours of electricity or more per year to the Company in each of two consecutive Contract Years subsequent to the Commencement Date of Operation, whether or not due to Force Majeure as defined in Article 13; or

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(16) either Party shall contest the enforceability of this Agreement, in which case the Party contesting enforceability shall be deemed to be the Party in default hereunder."

XII. Article 4 of the Agreement is hereby amended by adding the following as paragraph (d) thereof:

"Upon the occurrence of an Event of Default, in each and every case, the non-defaulting Party may pursue any remedies provided for in this Agreement or under law."

XIII. Article 6 of the Agreement is hereby amended by deletion of such article in its entirety and substituting in lieu thereof the phrase: "Intentionally omitted."

XIV. Article 7 of the Agreement is hereby amended by deletion of such article in its entirety and substituting in lieu thereof the phrase: "Intentionally omitted."

XV. Article 8 of the Agreement is hereby amended by inserting the words "Capacity and" before the words "Energy Purchase Price" in both places where such phrase appears and by adding the phrase ", using the schedule provided in Article 9 hereof" at the end of the first and second sentences.

XVI. Article 9 of the Agreement is hereby amended by deleting such article in its entirety and substituting in lieu thereof the following:

"Beginning on the Commencement Date of Operation, for each kilowatthour of Company's Entitlement delivered by Seller to Company to the Delivery

Point, Company will pay Seller according to the following schedule:

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- (1) Beginning on the Commencement Date of Operation through December 31, 1997, the greater of 7.5 cents per kilowatthour or the sum of (1) eighty percent (80%) of the Qualifying Facility Power Purchase Rate plus (2) 1.0406 cents per kilowatthour;
- (2) From January 1, 1998 through December 31, 2003 the greater of 6.5 cents per kilowatthour or the sum of (1) eighty percent (80%) of the Qualifying Facility Power Purchase Rate plus (2) 1.0406 cents per kilowatthour;
- (3) From January 1, 2004 through December 31, 2007 the greater of 6.5 cents per kilowatthour or the sum of (1) seventy-five percent (75%) of the Qualifying Facility Power Purchase Rate plus (2) 1.0406 cents per kilowatthour;
- (4) From January 1, 2008 through December 31, 2010 the greater of 6.5 cents per kilowatthour or the sum of (1) eighty percent (80%) of the Qualifying Facility Power Purchase Rate plus (2) 1.0406 cents per kilowatthour;
- (5) From January 1, 2011 through December 31, 2011 the greater of 6.5 cents per kilowatthour or the sum of (1) eighty-five percent (85%) of

the Qualifying Facility Power Purchase Rate D.T.E. 04-85
plus (2) 1.0406 cents per kilowatthour; Attachment AG-1-1 (D)
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(6) From January 1, 2012 through the end of the initial term of this Agreement the greater of 6.5 cents per kilowatthour or the sum of (1) ninety percent (90%) of the Qualifying Facility Power Purchase Rate plus (2) 1.0406 cents per kilowatthour;

(7) During any extension period provided for in Article 4 100% of the Qualifying Facility Power Purchase Rate".

XVII. Article 9A of the Agreement is hereby amended by deleting paragraphs (a), (b), (c) and (d) thereof in their entirety, and substituting in lieu thereof the following:

"(a) There shall be established and maintained a special account hereinafter referred to as the Balance Account or Energy Bank. The Balance Account balance shall be zero at the Commencement Date of Operation. The Balance Account will be calculated monthly in accordance with the following formula:

$$BA_t = (KWH_t \times D_t) + (BA_{(t-1)} \times 1.0090667)$$

Where:

* BA_t = Balance Account balance as of the end of the month t.

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* $BA_{(t-1)}$ = Balance Account balance as of the end of month $(t-1)$.

* KWH_t - Actual kilowatthours delivered to Company in Month t .

* D_t = Forecasted difference between the cents per kilowatthour to be paid Seller and the cents per kilowatthour costs avoided by

Company ratepayers as such difference is shown and fixed in Appendix 1.

(b) Company will give Seller written monthly notification of the Balance Account balance which, if done in good faith, shall, in the absence of manifest error, be conclusive.

Company has no obligation to Seller for any negative balance existing in the Balance Account at any time. The Balance Account shall continue to be calculated as long as a positive balance exists.

(c) To secure payment by Seller to Company of the Balance Account, Seller will provide and maintain an irrevocable letter of credit in favor of Company prior to the Commencement Date of Operation and prior to January 1 of each subsequent Contract Year sufficient to cover fifty (50) percent of any projected Balance Account balance, until the first day

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on which the Balance Account equals zero (0). The letter of credit required for each Contract Year will be at least equal to fifty (50) percent of the Balance Account balance as of December 31 of the previous Contract Year plus fifty (50) percent of the projected annual overpayment for said Contract Year as specified in Appendix 1 as PO₊ but in no event to exceed \$54,000,000. Said letter of credit shall be from a financial institution reasonably acceptable to Company (hereafter "Issuer") and in a usual and customary form reasonably acceptable to the Company so as to be consistent with this Agreement, including a provision for fifteen (15) business days advance notice to Company of any expiration of the letter of credit. Such irrevocable letter of credit shall designate Company as beneficiary with authority to draw drafts on the Issuer in accordance with this Article 9A. Such irrevocable letter of credit will expire on its own terms upon the first day on which the Balance Account equals zero (0). In the event Company receives notice from Issuer that said letter of credit will lapse or will otherwise not be in force (other than pursuant

to the preceding sentence), Company has the option of immediately declaring the Balance Account positive balance due and payable, drawing on the letter of credit and also exercising its rights under any mortgage granted to Company by Seller and also terminating this Agreement, provided, however, that Company must first give written notice, effective upon receipt, of any such action and permit Seller ten (10) business days to extend the term of said letter of credit or to secure a replacement letter of credit. In addition, Seller shall further secure the Balance Account and the performance of Seller's other obligations under this Agreement by providing additional security pursuant to the terms of Article 9B.

- (d) Upon expiration of the Agreement or termination of the Agreement, whether or not due to an Event of Default, or upon the rejection of this Agreement in any proceeding under Title 11 of the United States Code involving Seller as debtor, and in addition to any other rights or remedies of Company under this Agreement, Company may by notice in writing to Seller declare any positive amount

in Balance Account due and payable Attachment AG-1-1 (D)
such amount shall become due and payable,
without presentation, protest or further
demand or notice of any kind and Company may
proceed to enforce payment of such amounts as
it may elect. Any positive amount in the
Balance Account which remains unpaid after
such amounts become due and payable shall bear
interest from the date of the Event of Default
at the rate of 10.88 percent per annum, said
interest to be compounded on a monthly basis."

XVIII. Paragraphs (e), (f) and (g) of Article 9A are
hereby amended by deleting such paragraphs in their entirety.

XIX. Article 9B of the Agreement is hereby amended by
deleting such article in its entirety and substituting in lieu
thereof the following:

"ARTICLE 9B Additional Security Provisions for Excess
Payments and Security of Continued
Performance.

The Parties acknowledge that Company and its ratepayers
will incur costs hereunder such that Company and its
ratepayers expect to receive full consideration therefor
only to the extent that Seller's obligations hereunder
are fully performed and electricity from the Facility is
sold to Company for the full anticipated term of this
Agreement. Accordingly, in order to secure complete
performance of Seller's obligations and the continued
sale of electricity from the Facility to Company, at the
time of the primary project financing Seller shall
provide security to Company in a form which includes the
following items:

(a) Mortgage and Security Agreement

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Seller shall execute and deliver to Company no later than the time of the primary project financing closing a mortgage and security agreement creating liens and security interests in the site, the Facility, all improvements upon the site and all rents, profits, income and other benefits derived from the foregoing, subordinate only to the interests of the primary lender, securing (i) the Balance Account and (ii) performance of Seller's obligations under this Agreement for the full anticipated term thereof. Such mortgage and security agreement shall be in form and substance acceptable to Company as it determines in its discretion. Company acknowledges that Seller has agreed to execute and deliver to Commonwealth Electric Company and Montaup Electric Company a mortgage and security agreement substantially similar to the mortgage and security agreement required to be executed and delivered by Seller to Company hereunder. Accordingly, Company and Seller agree to address in good faith the issue of Seller's obligation to execute and deliver each such mortgage and security agreement, including, without limitation, the issue of the consolidation of all such mortgages and security agreements, if legally permissible, into one document or instrument under which each purchaser is a beneficiary. Each such mortgage and security agreement (or such other binding instrument in form acceptable to the parties) shall include, without limitation, provisions permitting each mortgagee, acting alone, to exercise its rights to foreclose or take such other action as may be available to a mortgagee, provisions providing that the relative rights of the mortgagees in the Facility as a going concern after foreclosure shall be in the same proportion as their respective megawatt entitlements to the Facility as set forth in all power purchase agreements with respect to the facility between Seller and the mortgagees (the "Mortgagees' Entitlements") and provisions providing that the relative rights of the mortgagees in any distribution to them of proceeds from a sale of property subject to the mortgage or security agreement shall be determined in an equitable manner which takes into account the relative amounts of the Mortgagees' Entitlements and the relative amounts of Seller's remaining financial obligations (if

any) to the mortgagees which are secured by the mortgage and security agreement. D.T.E. 04-85
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(b) Easement and Covenant Running with the Land

Seller shall cause to be granted to Company an unsubordinated declaration of easements, covenants and restrictions encumbering the site for a period equal to the anticipated full term of this Agreement. Such declaration shall grant to Company easements for access to the site and for the placement and operation of metering facilities thereon, as well as create restrictions and covenants to the effect that Company's entitlement to electricity produced at the site shall in no case be sold to anyone other than Company. Such declaration shall be in form and substance acceptable to Company and shall run with the site and be binding upon the successors of Seller and inure to the benefit of Company and its successors.

(c) Agreements of Attornment

Seller shall cause the first mortgagee to execute and deliver an agreement, subjecting the interests of the first mortgagee to the foregoing declaration of easements, covenants and restrictions."

XX. Article 10(f) of the Agreement is hereby amended by (i) inserting the words "Capacity and" before the phrase "Energy Purchase Price" in the sixth line and (ii) replacing the phrase "Energy Purchase Price" in the ninth and tenth lines with the phrase "energy purchase price" and (iii) replacing the phrase "Energy Purchase Price and the Capacity Purchase Price" in lines 16 and 17 with the phrase "Capacity and Energy Purchase Price."

XXI. Article 11(j) of the Agreement is hereby amended by deleting the third and fourth sentences thereof in their entirety.

XXII. Articles 13 and 14 are hereby amended by attaching
such articles in their entirety and substituting in lieu thereof
the following:

ARTICLE 13. Force Majeure

- (a) For purposes of this Agreement, the term "Force Majeure" shall mean any of the following: action of a court or public authority having or purporting to have jurisdiction in the premises; statute or regulation; loss or impairment of the supply of electric energy; a break or fault in Company's transmission or distribution systems or failure of Company or Seller's transformer, switches or other equipment necessary for receipt of electric energy from Seller; loss or failure of the natural gas transportation system supplying the Facility; any Act of God, fire, explosion, civil disturbance, labor dispute, or the public enemy; failure of any major supplier to perform; restraint by a court or regulatory agency; or any other cause, whether or not similar thereto beyond the reasonable control of and without the fault or negligence of the party claiming Force Majeure.
- (b) If either Party is rendered wholly or partly unable to perform its obligations under this Agreement because of a Force Majeure event, that Party shall be excused from whatever performance is affected by the Force Majeure event (except Article 4(c)(15), Seller's obligations

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under Articles 9A(c) and 9B(a), (b) and (c), and the provision of this Agreement requiring the payment of money, including Article 9A(d), to each of which Force Majeure specifically does not apply) to the extent so affected, provided that the non-performing Party shall:

(1) provide prompt notice to the other Party of the occurrence of the Force Majeure giving an estimation of its expected duration and the probable impact on the performance of its obligations hereunder and submitting good and satisfactory evidence of the existence of the Force Majeure, (2) exercise all reasonable efforts to continue to perform its obligations hereunder, (3) expeditiously take action to correct or cure the Force Majeure and submit good and satisfactory evidence that it is making all reasonable efforts to correct or cure the Force Majeure, (4) exercise all reasonable efforts to mitigate or limit damages to the other Party to the extent such action will not adversely effect its own interests and (5) provide prompt notice to the other Party of the cessation of the Force Majeure; and, provided further, that any obligations of either party which arose before the occurrence of the Force Majeure event causing non-performance shall not be excused as a result of the occurrence of a Force Majeure event.

Limitation of Liability; Indemnification; Insurance;
Relationship of Parties

(a) Notwithstanding subarticles (b) and (c) hereof or any other provision of this Agreement to the contrary, neither Company nor Seller nor their respective partners, officers, directors, agents, employees, ~~parent, subsidiaries or affiliates or their partners,~~ officers, directors, agents or employees shall be liable or responsible to the other Party or its partners, parent, subsidiaries, affiliates, officers, directors, agents, employees, successors or assigns, or their respective insurers, for incidental, indirect or consequential damages, connected with or resulting from performance or non-performance of this Agreement, or anything done in connection therewith including, without limitation, claims in the nature of lost revenues, income or profits (other than payments expressly required and properly due under this Agreement), an increased expense of, reduction in or loss of power generation production or equipment used therefor, irrespective of whether such claims are based upon breach of warranty, tort (including negligence, whether of Seller, Company or others), strict liability, contract, operation of law or otherwise.

(b) Seller agrees to defend, indemnify and save Company, its officers, directors, agents, employees and affiliates

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and their respective officers, directors, agents and employees harmless from and against any and all claims, liabilities, actions, demands, judgments, losses, costs, expenses (including reasonable attorneys' fees), suits, actions or damage arising by reason of bodily injury, death or damage to property sustained by any person or entity (whether or not a party to this Agreement) (i) caused by or sustained on facilities owned or controlled by Seller, unless caused by an act of negligence or willful misconduct by an officer, director, subcontractor, agent or employee of Company, or (ii) caused by an act of negligence or willful misconduct of Seller or by a partner, officer, director, subcontractor, agent or employee of Seller.

(c) Company agrees to defend, indemnify and save Seller, its partners, officers, directors, agents, employees and affiliates and their respective partners, officers, directors, agents and employees harmless from and against any and all claims, liabilities, actions, demands, judgments, losses, costs, expenses (including reasonable attorney's fees), suits or actions or damages arising by reason of bodily injury, death or damage to property sustained by any person or entity (whether or not a party to this Agreement), (i) caused by or

sustained on facilities owned or controlled by Company, unless caused by any act of negligence or willful misconduct by a partner, officer, director, subcontractor, agent or employee of Seller, or (ii) caused by an act of negligence or willful misconduct by Company or an officer, director, subcontractor, agent or employee of Company.

-
- (d) If Seller and Company are both determined to have been negligent in a manner otherwise addressed by subarticles (b) and (c) above, the obligations of Seller and Company under those subarticles shall be appropriately adjusted based on the percentage of the responsibility of each Party for such negligence.
- (e) Seller agrees to maintain at all times the following insurance:
- (a) Workmen's compensation insurance as prescribed or permitted by law.
 - (b) Employer's liability insurance with limits of not less than one hundred thousand dollars (\$100,000) per occurrence.
 - (c) Comprehensive general liability and property damage insurance with limits not less than five hundred thousand dollars (\$500,000) per person and one million dollars (\$1,000,000) per accident for bodily injury (including death), and one million dollars (\$1,000,000) per accident for property damage.

(d) Automobile liability coverage with limits not less than five hundred thousand dollars (\$500,000) per person and one million dollars (\$1,000,000) per accident for bodily injury (including death) and one million dollars (\$1,000,000) aggregate for property damage.

(e) Umbrella liability insurance in a minimum amount of ten million dollars (\$10,000,000).

~~(f) All risk property and boiler and machinery insurance~~
against damage to the Facility in amounts not less than the replacement value of the Facility. Such policies shall provide for the forwarding of all inspection reports to Company within thirty (30) days of issuance.

(g) Business interruption insurance in an amount equal to that necessary to cover all of Seller's cash outflow for a period of six (6) months.

(h) The minimum liability amounts specified above shall be adjusted at least as often as at three-year intervals by the ratio of the value of the Consumer Price Index, all categories, for the Greater Boston area as of January, 1986, to the most recent January value of such index at the time of adjustment.

(i) Seller shall provide Company with certificates of insurance as evidence of coverage. Such certificates shall include a statement that coverage will not be reduced or cancelled by the carrier without first

providing Company at least thirty (30) days' written notice.
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(j) Company, its employees, agents and affiliates shall be named as additional insureds with respect to any third party bodily injury or property damage claims.

(f) Nothing in this Agreement shall be construed as creating any relationship between the Parties other than that of independent contractors for the sale and purchase of capacity or electric energy generated at the Facility. The Parties do not intend to create any rights, or grant any remedies to, any third party beneficiary of this Agreement."

XXIII. Article 21 of the Agreement is hereby amended by deleting the first sentence in its entirety and substituting in lieu thereof the following:

"Company hereby acknowledges that Seller has heretofore entered into the Other Agreements and that the Company has received from Seller and reviewed true and complete copies thereof. If Company believes that either or both of such Other Agreements contains terms more favorable to MEC and/or CEC than the terms of this Agreement are to Company, then Company shall notify Seller in writing to such effect no later than the date hereof, in which event Seller shall make such favorable terms available to Company for a period of thirty (30) days after the date on which such notice was given, provided, however, that Company commits itself to the other substantive terms of either or both of such Other Agreements, as the case may be. Notwithstanding the foregoing, in the event that (a) Seller enters into (i) an amendment to either or both of such Other Agreements after the date hereof, (ii) a power purchase

agreement other than the relevant Other Agreement for sales of Capacity and Associated Energy from the Facility with MEC or CEC, and, (b) upon review of such amendment or such power purchase agreement, Company believes that such amendment or such power purchase agreement contains terms more favorable to the applicable third party than the terms of this Agreement are to Company, then Seller shall make such more favorable terms available to Company for the remaining term of this Agreement, provided that Company commits itself to the other substantive terms of such amendment or such power purchase agreement."

XXIV. The Agreement is amended by adding a new Article 22, as follows:

"ARTICLE 22. Right of First Offer

Seller hereby grants to Company a right of first offer on any sale of all or any part of its right, title or interest in the Facility (the "Transfer Interest"), other than a sale of equity participation in the form of partnership interests or otherwise. Such right of first offer operates as follows:

If Seller desires to sell or otherwise dispose of any Transfer Interest (other than as security for the financing or refinancing of the project), Seller will offer in writing to sell such Transfer Interest to Company at a price and on other terms and conditions set by Seller (the "Offer Terms"). Company shall have 60 days to respond to such Offer. If Company agrees to the Offer Terms, Seller shall sell the Transfer Interest to Company on the Offer Terms. If Company declines to purchase on the Offer Terms or does not respond within such 60-day period, Seller may offer to sell the Transfer Interest to third parties on the Offer Terms or on terms no more favorable to the purchaser than the Offer Terms and may sell the Transfer Interest to any third party on such terms. If Seller and a third party reach agreement on terms more favorable to the purchaser than the Offer Terms, Seller shall be obligated to offer such more favorable terms to Company, as provided above. If Seller does not reach agreement with any third party for the sale of the Transfer Interest within 150 days of Company's decline of the Offer Terms, the transaction

shall be deemed null and any future sale of the Transfer Interest shall again be subject to the right of first offer hereunder." D.T.E. 04-85
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This Right of First Offer has been granted in return for an increase in Company's entitlement hereunder by 35 megawatts. If either CEC or MEC or both increases its entitlement pursuant to the so-called "Most Favored Nations" clauses of the MEC Agreement or the CEC Agreements, proportionately to 35 megawatts, this right of First Offer will, likewise, be made proportionate to the MEC and/or CEC increase in entitlements.

XXV. Appendix 1 of the Agreement is hereby amended by deletion of such Appendix in its entirety and replacement by Appendix 1 hereof.

XXVI. All references in the Agreement to "Northeast Energy Associates" are hereby changed to "Northeast Energy Associates, A Limited Partnership". All references in the Agreement to "Margin Street Cohasset, Massachusetts 2025" as Seller's address are hereby changed to "350 Lincoln Place, Suite 111, Hingham, Massachusetts 02043".

XXVII. This Second Amendment shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts.

XXVIII. Except as expressly amended hereby, the Agreement shall continue in full force and effect in accordance with the provisions thereof on the date hereof. As used therein, the terms "Agreement", "this Agreement", "herein", "hereinafter", "hereto",

and words of similar import shall, unless the context otherwise requires, mean the Agreement as amended hereby.

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XXVIX. This Amendment shall be submitted by Company to the MDPU in accordance with the applicable regulations of the MDPU and shall be effective upon the approval by the MDPU acceptable in form and substance to Company and Seller.

XXX. This Second Amendment may be executed in any number of counterparts, all of which together shall constitute one and the same instrument.

In witness whereof the Parties have executed this Agreement as of the date first written above.

BOSTON EDISON COMPANY

By: Richard A. Halm
Title: Vice President

NORTHEAST ENERGY ASSOCIATES, A LIMITED
PARTNERSHIP

By: Intercontinental Energy Corporation

By: Gene Z. Roy
Title: Vice President

APPENDIX 1

ALL MONTHS IN YEAR	Dt	Pot*
1991	3.880	\$40,700
1992	2.480	\$26,014
1993	1.970	\$21,200
1994	1.790	\$19,263
1995	0.790	\$ 8,502
1996	0.290	\$ 3,121
1997	-0.650	-0-
1998	-1.399	-0-
1999	-1.671	-0-
2000	-1.609	-0-
2001	-1.839	-0-
2002	-2.059	-0-
2003	-2.351	-0-
2004	-3.369	-0-
2005	-3.729	-0-
2006	-3.486	-0-
2007	-3.491	-0-
2008	-3.253	-0-
2009	-3.773	-0-
2010	-2.979	-0-
2011	-2.883	-0-

* Projected Annual Overpayment

APPENDIX 2

NEPOOL AGREEMENT - September 1, 1971

"Force Majeure" shall mean any act, event or condition described below which has a material adverse effect on the ability of a party to this Contract to perform its obligations under this Contract and which was not the result of the principal fault or negligence of the affected party, was beyond the reasonable control of the affected party and was not avoidable with the exercise of reasonable due diligence, and:

(a) acts of God, war, public disorders, insurrection, rebellion, floods, hurricanes, earthquakes, lightning or other severely inclement weather or other natural calamities;

(b) acts or inaction of governmental or regulatory agencies or judicial bodies or changes in laws or regulations after the Contract Date;

(c) explosions or fires;

(d) strikes, work stoppages or other labor difficulties; provided, however, that strikes and labor disputes commenced by employees of Contractor or its Subcontractors at the Project Site shall not constitute Force Majeure for purposes of determining Contractor's liability for payment of the Buy Down Amount under Section 10.9 hereof;

(e) Owner's wrongful rejection or delay in issuing certificates;

(f) curtailments or interruptions in the supply of fuel;

(g) failure of any utility to transmit or accept electric power; and

(h) other events which a party can reasonably demonstrate to the other were beyond said party's reasonable control and which could not have been prevented by prudent and diligent behavior. Such events shall not include those which were the result of willful or negligent actions or inactions of said party.

APPROVED
June 21, 1989
[Signature]
[Signature]
[Signature]
COMMISSIONERS, D.P.U.

FIRST AMENDMENT TO
POWER PURCHASE AGREEMENT "B"

RECEIVED D.T.E. 04-85
Attachment AG-1-1 (E)
Page 1 of 5
PUBLIC UTILITIES
JUN 21 11 51 AM '89

AGREEMENT entered into this 21st day of June, 1989, by and between BOSTON EDISON COMPANY, a Massachusetts corporation having its principal place of business at 800 Boylston Street, Boston, Massachusetts ("Company"), and NORTHEAST ENERGY ASSOCIATES, A LIMITED PARTNERSHIP, a Massachusetts limited partnership having its principal place of business at 111 Lincoln Place, Hingham, Massachusetts ("Seller").

WHEREAS, Seller and Company entered into an Agreement dated January 28, 1988 (the "Agreement"), pursuant to which Seller agreed to sell and Company agreed to purchase electric capacity and energy to be generated from an electric cogeneration facility (the "Facility") that Seller plans to construct, own and operate at a site to be owned by Seller in Dellingham, Massachusetts. Capitalized terms used in this Amendment which are defined in the Agreement and not otherwise defined herein shall have the same meanings herein as assigned to such terms in the Agreement;

WHEREAS, Seller and Company hereby agree to amend the Agreement;

WHEREAS, Seller entered into (i) an agreement dated October 17, 1986 with Montaup Electric Company (the "MEC Agreement") and (ii) an agreement dated November 26, 1986 with Commonwealth Electric Company as amended by a First Amendment to

Power Sale Agreement dated as of August 15, 1988 and a Second Amendment to Power Sale Agreement "A" dated as of January 1, 1989 (the "CEC Agreement A"), and an agreement dated August 15, 1988 with Commonwealth Electric Company as amended by an Amendment to Power Sale Agreement "B" dated as of January 1, 1989 (the "CEC Agreement B") pursuant to which Seller agreed to sell and Montaup Electric Company, a Massachusetts corporation ("MEC"), and Commonwealth Electric Company, a Massachusetts corporation ("CEC"), respectively agreed to purchase, electric capacity and energy to be generated from the Facility. The MEC Agreement, the CEC Agreement A and the CEC Agreement B are hereinafter referred to collectively as the "Other Agreements". The recital set forth in this paragraph shall be deemed to be a recital to the Agreement; and

WHEREAS, Seller and Company desire to amend the Agreement as hereinafter provided, among other reasons, to resolve certain inconsistencies between the Agreement and the Other Agreements.

NOW, THEREFORE, in consideration of the mutual undertakings and agreements contained in the Agreement and in this Amendment, Seller and Company hereby agree to amend the Agreement as follows:

I. Subparagraph (1) of Paragraph (a) of Article 2 of the Agreement is hereby amended by inserting the following after the fourth sentence thereof:

"Seller currently plans to operate the Facility as a Qualified Facility as provided in Appendix A but it will not be deemed an Event of Default if it fails to do so."

II. Paragraph (b) of Article 4 of the Agreement is hereby amended by deleting the first sentence thereof and adding the phrase "If applicable," to the beginning of the second sentence thereof.

III. Subparagraph (3) of Paragraph (b) of Article 5 of the Agreement is hereby amended replacing the word "June" with the word "December".

IV. Subparagraph (4) of Paragraph (b) of Article 5 of the Agreement is hereby amended by replacing the phrase "twenty-four (24)" with the phrase "thirty (30)".

V. Subparagraph (5) of Paragraph (c) of Article 5 of the Agreement is hereby amended by deleting such subparagraph in its entirety and replacing it with the phrase "Intentionally omitted".

VI. Subparagraph (6) of Paragraph (c) of Article 5 of the Agreement is hereby amended by inserting the phrase "(other than due to the acts or omissions of the Company)" after the word "deliver" in the first line thereof.

VII. Paragraph (b) of Article 13 of the Agreement is hereby amended by replacing the reference to "Article 5(d)(6)" with "Article 5(c)(6)".

VIII. This Amendment shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts.

IX. Except as expressly amended hereby, the Agreement shall continue in full force and effect in accordance with the provisions thereof on the date hereof. As used therein, the terms "Agreement", "this Agreement", "herein", "hereinafter", "hereto", and words of similar import shall, unless the context otherwise requires, mean the Agreement as amended hereby.

X. This Amendment may be executed in any number of counterparts, all of which together shall constitute one and the same instrument.

In witness whereof the Parties have executed this Agreement as of the date first written above.

BOSTON EDISON COMPANY

By: Richard D. Halpin
Title: Vice President

NORTHEAST ENERGY ASSOCIATES, A LIMITED
PARTNERSHIP

By: Intercontinental Energy Corporation

By: James L. King
Title: Vice President

Information Request AG-1-5

Please indicate whether there were any bids in the 1999-2000 Initial Auction on the NEA contract. If so, please provide copies of those bids along with all analyses of each bid done by and/or for the Company.

Response

CONFIDENTIAL ATTACHMENTS

In the 1999-2000 Auction, the Company received four bids that included the NEA contracts (in whole or part), three portfolio bids and one bid specific for a subset of the portfolio that included only the NEA 1 contract with Commonwealth. Please see Attachment AG-1-5(a) **(CONFIDENTIAL)**, Attachment AG-1-5(b) **(CONFIDENTIAL)**, Attachment AG-1-5(c) **(CONFIDENTIAL)** and Attachment AG-1-5(d) **(CONFIDENTIAL)** for copies of bids. Please see Attachment AG-1-5(e) **(CONFIDENTIAL CD-ROM) (BULK)** for analyses of each bid, as performed by Navigant Consulting.

Information Request AG-1-34

Referring to Exhibits NSTAR-RBH-5, and NSTAR-RBH-6, please recalculate the amounts shown on those exhibits, changing only the power and fuel costs and prices so that they are fixed at the most recent numbers for the entire period.

Response

Please refer to Attachment AG-1-34(a) (**CONFIDENTIAL**) and Attachment AG-1-34(b) (**CONFIDENTIAL**), for a revised version of Exhibit NSTAR-RBH-5 and Exhibit NSTAR-RBH-6, respectively, using the most recent power and oil prices for the entire period of the analysis. Changing the SEMA-RI power forecast and the No. 6 Oil forecast to the most recent prices for October 2004 results in a decrease in the percent savings from 19.22 percent to 4.48 percent in the reduction in above-market costs. The currently prevailing power and fuel prices that were utilized are shown in the table below.

Fuel	Source	Price (\$)	Price (\$/MMBtu)
Power	ISO-NE Day Ahead LMP for 10/28 in Rhode Island	\$54.28/MWh	
Oil	Journal of Commerce, "Oil Price Daily", Boston CTC, No. 6, 2.2 percent sulfur	\$41.50/barrel ¹	\$6.60/MMBtu

¹ Conversion factor for Residual oil is 6.287 MMBtu's per barrel.

Information Request AG-1-40

Please provide the history of NEA's heat rates for each month of operation since the start date.

Response

Attachment AG-1-40 **CONFIDENTIAL** lists the Heat Rates of the plant from January 1999 through October 2004 with data missing from September through December 2000. Also, data prior to 1999 are unavailable.

Information Request AG-2-8

Please provide the economic analysis supporting the original selection of NEA to provide service to Commonwealth Electric that led to the original NEA-1 contract.

Response

Attachment AG-2-8, which is the original filing Commonwealth Electric Company made with the Department includes the economic analysis on pages 1-10.

Not a Common report

SRT

COM Electric

D.T.E. 04-85
Attachment AG-2-8
Page 1 of 33
Commonwealth Electric Company
Post Office Box 190
Cambridge, Massachusetts 02139
Telephone (617) 864-3100

December 5, 1986

Department of Public Utilities
Commonwealth of Massachusetts
100 Cambridge Street
Boston, MA 02202

Attention: Catherine Morris, Director
Electric Power Division

Re: Power Sale Agreement with
Northeast Energy Associates, Ltd.

Gentlemen:

Commonwealth Electric Company ("Commonwealth") submits herewith for filing an agreement dated November 26, 1986 by and between itself and Northeast Energy Associates, Ltd. ("Northeast"). This agreement ("Agreement") provides the terms and conditions pursuant to which Commonwealth will purchase and pay for and Northeast will sell and deliver a portion of the electric power to be produced by Northeast's cogeneration facility to be constructed at a site in Bellingham, Massachusetts ("Site"), which facility ("Plant") is intended to be a qualifying facility within the meaning of the Department's regulations (220 CMR 8.00 et. seq.).

Northeast intends to construct, own, operate and maintain an electric cogeneration facility utilizing two gas turbines, two heat recovery steam generators, and one steam turbine capable of producing approximately 230,000 kw of electricity and 100,000 pounds per hour of 200 psig saturated steam, at a site in Bellingham described in Appendix A to the Agreement. The Department is familiar with this facility as it has approved the contract between Boston Edison Company and Northeast in DPU 86-91 on June 20, 1986. Pursuant to the various provisions of the Agreement, Commonwealth will purchase a 25,000 kw entitlement to the capacity and associated energy produced by the Plant during the twenty-five year term of the Agreement at a price per kilowatt-hour reflective of Commonwealth's avoided costs of capacity and energy. Such price is defined at Appendix B of the Agreement and consists of three components, as follows:

- (1) The Fixed Capacity Component is set equal to two cents per kilowatt-hour for the term of the Agreement and is reflective of the

estimated levelized net present value of Commonwealth's avoided costs of future increments of generating capacity.

The Company derived the Fixed Capacity Component using an expansion plan based on the addition of a mix of gas-turbine and combined-cycle capacity. (Refer to Exhibit 1 for the Company's demand and supply schedule). This expansion plan produces a levelized capacity cost of \$129 per kilowatt in 1985 dollars which, when escalated by the Gross National Product Implicit Price Deflator, yields a levelized capacity cost of \$148 per kilowatt in 1989 dollars, the expected first full year of operation of the Plant. Commonwealth expects the Plant will operate at an 85 percent capacity factor for the term of the Agreement. The Fixed Capacity Component is based on payments for capacity over the hours of expected operation and is calculated as follows:

$$\$148 / (8760 \times 0.85) = \$0.01988 / \text{kilowatt-hour}$$

Hence, Commonwealth and Northeast negotiated two cents per kilowatt-hour for the Fixed Capacity Component.

(2) The Variable Component is a formula which fluctuates with the change in the New York harbor price of 2.2% sulphur number 6 fuel oil from a base of \$16.69 per barrel. During the period prior to December 31, 2000, the Variable Component will be subject to a floor of \$0.045 per kilowatt-hour.

The Variable Component evolved as an energy related formula for tracking Commonwealth's avoided energy costs while enabling Northeast to negotiate a long-term natural gas supply contract based on a similar formula. Northeast's natural gas supplier tied the price of natural gas for Northeast to the movement of the price of residual fuel oil, a competing fuel. Natural gas and residual fuel oil prices have and are anticipated to continue to experience similar rates of escalation over time. Further, Commonwealth's marginal costs are driven to a large extent by movements in the price of number 6 residual fuel oil. Besides having residual oil-fired units on its margin, Commonwealth also has entitlements in large residual oil-fired base load and intermediate units. Any resources which are added to Commonwealth's mix over the planning horizon, therefore, will likely displace oil-fired generation. Since the Variable Component will track residual oil prices, Commonwealth feels the Variable Component should reasonably reflect its avoided energy cost.

(3) The Production Component is a formula-based incentive designed to encourage Northeast to operate the Plant at the highest possible capacity factor, and therefore, to maximize the quantity of electric energy available for purchase by Commonwealth. The Production Component has been designed around a target capacity factor of 85 percent and will increase or decrease the price paid to Northeast by \$0.0004 per kilowatt-hour for every one percentage point that the capacity factor of the Plant increases above or decreases below 85 percent. The Production Component may range from a stipulated minimum of (\$0.004) per kilowatt-hour, representing a 75 percent capacity factor, to a stipulated maximum of \$0.004 per kilowatt-hour, representing a 95 percent capacity factor.

Because of the lack of precedent and experience as to the enforceability or practicability of provisions securing performance under QF contracts over the long term, there is a degree of uncertainty as to the effectiveness of any such provisions in the event of project upset. Accordingly, Commonwealth has sought to secure its ratepayers' interests through a combination of complementary security measures, each to be provided prior to the date of commercial operation. Every effort has been taken to design and construct a durable legal relationship which will produce direct, tangible benefits to Commonwealth's ratepayers over the expected life of the Agreement, but Commonwealth cannot guarantee that such benefits will accrue. Commonwealth and Northeast have made substantial efforts in their negotiations to find a level of security which would not hinder the project financing. Article XIV of the Agreement reflects the results of such efforts, and sets forth a mutually agreeable security package which Commonwealth believes to provide the greatest degree of security practicable in the present situation.

The first security item is a mortgage upon the Plant and Northeast's leasehold interest in the Site, which would be subordinate to the lien of the primary project lender. The second item is a letter of credit in the amount of \$1,000,000. The third item is a declaration of easements, covenants and restrictions (the "Declaration") which, among other things, is intended to restrict the sale of electricity from the Plant other than pursuant to the terms of this Agreement and other original purchase agreements. Such Declaration is designed to run with the land, so as to ensure benefits to Commonwealth's ratepayers in the later years of the Agreement, regardless of project bankruptcy or changes in project ownership. The fourth item of the security package consists of agreements of subordination and attornment from the primary lender of the Plant. Such agreements would subordinate the interests of the primary lender to the Declaration, and would include the agreement of the primary lender to honor the Agreement in the event that it is in possession of the Site or Plant, and to transfer interests in the Site or Plant only on the condition that the transferee agree to honor the Agreement.

The ratepayers have a strong prospect of realizing significant benefits over the term of the Agreement. Commonwealth has a clear and present need for the electric capacity and energy to be produced by the Plant in order to serve its ratepayers. The Agreement is expected to secure such capacity and energy at prices lower than Commonwealth's avoided costs thereof and with reasonable assurance of performance by Northeast over the anticipated term of the Agreement. Commonwealth encloses herewith a schedule of such price and avoided cost projections based on DRI's March 1986 fuel price forecast.

In an effort to aid the Department in evaluating this project, Commonwealth also encloses herewith exhibits that include information similar to that previously requested by the Department during its review of a contract between Commonwealth and CPC Lowell Cogeneration Corporation. The Department approved this purchase power agreement on October 30, 1986. Exhibits 2, 3 and 4 provide the projected payments to Northeast in cents per kwh and in total billing dollars for each year of the contract period based on DRI's current base (August 1986), low and high fuel price

scenarios. Exhibits 5 and 6 compare Commonwealth's avoided costs and payments to Northeast in cents per kwh for DRI's low vs base, and high vs base August 1986 fuel price projections. A column showing the net present value of the "projected cumulative difference" of the annual payments to Northeast is also included.

The discount rate used in the net present value calculations is 11.5 percent, based on Canal Electric Company's ("Canal") estimated weighted average cost of incremental capital at the time (approximately year end 1985). This factor is derived from Canal's capital structure of 50 percent debt and 50 percent equity, its cost of debt of 9 percent and its cost of equity of 14 percent. Canal has historically been Commonwealth's principal power supplier and it is expected to continue to supply incremental traditional central station generation over Commonwealth's planning horizon. Commonwealth is best able to evaluate the relative economics of purchasing power from Qualifying Facilities versus purchasing power from traditional sources of central station generation if all such alternatives are evaluated using common financial assumptions.

Commonwealth will be pleased to provide such additional information as the Department may request concerning this matter.

Very truly yours,

Steven A. Brav
Manager - Rate Regulation

Exhibit 1

Commonwealth Electric Company
Demand and Supply Schedule
1988-2007

	System Peak	Peak + Reserve	Existing Capacity	Short Term Purch's	Gas Turbine	Total System Capacity
	(Mw)	(Mw)	(Mw)	(Mw)	(Mw)	(Mw)
1988	880	1056	879	178	0	1057
1989	923	1108	919	189	0	1108
1990	965	1158	977	182	0	1159
1991	986	1183	977	0	250	1227
1992	1014	1217	952	0	300	1252
1993	1042	1250	952	0	300	1252
1994	1067	1280	952	0	350	1302
1995	1095	1314	952	0	400	1352
1996	1124	1349	952	0	400	1352
1997	1136	1363	952	0	450	1402
1998	1146	1375	952	0	450	1402
1999	1157	1388	952	0	500	1402
2000	1170	1404	952	0	500	1452
2001	1179	1415	952	0	500	1452
2002	1188	1426	952	0	500	1452
2003	1198	1438	952	0	500	1452
2004	1208	1450	952	0	500	1452
2005	1218	1462	952	0	550	1502
2006	1228	1474	952	0	550	1502
2007	1238	1486	952	0	550	1502

The gas turbine and combined cycle expansion plan, which was used to develop the fixed cost component, estimates the need for the gas turbine portion to be installed in 1991 with the heat-recovery and steam-turbine portion to be added in 1996.

FIXED COMPONENT:
BASE FUEL COST (BFC):
VARIABLE COMPONENT FLOOR:

Unit Size	25,000 Kilowatts
Capacity Factor	86.0%
Discount Rate	11.5%

[illegible]

Using Low DRI Forecast of August 1988 and Avoided Costs

NORTHEAST ENERGY ESTIMATED YEARLY TOTAL PURCHASE PRICE RATE VS. AVOIDED COSTS

2.00 Cents/wh

BASE FUEL COST (BFC):
VARIABLE COMPONENT FLOOR:

[illegible]

NORTHWEST ENERGY ASSOCIATES (NEA) COGENERATION PROJECT																
Unit Size Capacity Discount Rate		Variable Component Calculation														
Year of Contract	Year	Energy Mwh	Fixed Component Cts/Mwh	Base Variable Component Cts/Mwh	ERC \$/Bbl.	Forecast \$8 Residual 2.2% Sulf \$/Bbl.	Percent Factor (P)	Variable Component Cts/Mwh	Floor Adjusted Variable Component Cts/Mwh	Product Component Cts/Mwh	Total Billing Cts/Mwh	Total Billing Dollars	Avoided Energy Cts/Mwh Est. Decr.	Total Avoided Costs Cts/Mwh	Value of Avoided Costs Dollars	
1	1989	185	2.00	4.50	16.89	7.41	0.75	1.50	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
2	1990	185	2.00	4.50	16.89	8.75	0.75	1.77	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
3	1991	185	2.00	4.50	16.89	9.86	0.75	1.99	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
4	1992	185	2.00	4.50	16.89	10.70	0.75	2.18	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
5	1993	185	2.00	4.50	16.89	11.50	0.75	2.35	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
6	1994	185	2.00	4.50	16.89	12.50	0.75	2.73	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
7	1995	185	2.00	4.50	16.89	13.50	0.75	3.01	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
8	1996	185	2.00	4.50	16.89	14.98	0.75	3.43	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
9	1997	185	2.00	4.50	16.89	16.82	0.75	3.77	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
10	1998	185	2.00	4.50	16.89	18.64	0.75	4.01	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
11	1999	185	2.00	4.50	16.89	19.62	0.75	4.47	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
12	2000	185	2.00	4.50	16.89	21.42	0.60	3.90	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
13	2001	185	2.00	4.50	16.89	26.59	0.60	4.30	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
14	2002	185	2.00	4.50	16.89	30.34	0.60	4.91	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
15	2003	185	2.00	4.50	16.89	32.60	0.60	4.91	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
16	2004	185	2.00	4.50	16.89	33.79	0.60	5.55	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
17	2005	185	2.00	4.50	16.89	39.78	0.60	5.42	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
18	2006	185	2.00	4.50	16.89	49.52	0.60	7.00	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
19	2007	185	2.00	4.50	16.89	54.73	0.60	8.01	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
20	2008	185	2.00	4.50	16.89	60.26	0.60	8.86	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
21	2009	185	2.00	4.50	16.89	68.58	0.60	9.85	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
22	2010	185	2.00	4.50	16.89	72.56	0.60	10.72	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
23	2011	185	2.00	4.50	16.89	77.56	0.60	11.50	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
24	2012	185	2.00	4.50	16.89	82.56	0.60	13.25	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
25	2013	185	2.00	4.50	16.89	87.56	0.60	14.41	4.50	0.00	6.50	639,750	2.75	4.75	\$8,889,740	
												\$400,250	550	\$228,630	\$800	

Using High DRU Forecast of August 1988 and Avoided Costs

NORTHEAST ENERGY ESTIMATED YEARLY TOTAL FURNACE PRICE RATE VS. AVOIDED COSTS

FIXED COMPONENT: 2.00 Cents/kwh
BASE FUEL COST: 16.00 \$/Bbl
VARIABLE COMPONENT FLOOR: 4.50 Cents/kwh

NORTHEAST ENERGY ASSOCIATES (NEA) COOPERATION PROJECT

Unit Size Capacity Factor Discount Rate		Variable Component Calculation													
25,000 Kilowatts 85.0% 11.5%															
Year of Contract	Year	Energy kwh	Fixed Component Cts/kwh	Base Variable Component Cts/kwh	BTC \$/Bbl.	Forecast to Resid. 2.2% Shift APC \$/Bbl.	Percent Factor (P)	Variable Component Cts/kwh	Floor Adjusted Variable Component Cts/kwh	Product Component Cts/kwh	Total Billing Cts/kwh	Total Billing Dollars	Avoided Energy Cts/kwh 8% Decr.	Total Avoided Costs Cts/kwh	Value of Avoided Costs Dollars
1	1989	186,150,000	2.00	4.50	16.89	28.88	0.75	5.44	5.44	0.00	7.44	\$13,849,500	5.24	7.24	\$13,663,410
2	1990	186,150,000	2.00	4.50	29.64	29.64	0.75	5.99	5.99	0.00	7.99	\$14,873,385	6.27	8.27	\$15,334,695
3	1991	186,150,000	2.00	4.50	34.33	40.59	0.75	6.94	6.94	0.00	8.94	\$16,641,810	7.14	9.14	\$17,014,110
4	1992	186,150,000	2.00	4.50	40.59	48.89	0.75	8.21	8.21	0.00	10.21	\$18,005,915	8.07	10.07	\$18,574,675
5	1993	186,150,000	2.00	4.50	48.89	64.71	0.75	9.89	11.35	0.00	11.89	\$21,333,235	10.45	12.45	\$22,175,675
6	1994	186,150,000	2.00	4.50	64.71	72.35	0.75	11.35	14.63	0.00	13.35	\$24,851,035	12.55	14.55	\$25,694,445
7	1995	186,150,000	2.00	4.50	72.35	89.01	0.75	13.00	16.25	0.00	15.00	\$27,584,445	14.43	16.43	\$28,426,885
8	1996	186,150,000	2.00	4.50	89.01	95.02	0.75	16.25	18.50	0.00	18.50	\$30,319,895	16.43	18.43	\$31,152,335
9	1997	186,150,000	2.00	4.50	95.02	104.47	0.75	18.50	19.54	0.00	20.00	\$33,055,345	18.43	20.43	\$33,897,785
10	1998	186,150,000	2.00	4.50	104.47	114.59	0.75	19.54	20.18	0.00	20.54	\$35,790,795	20.43	22.43	\$36,640,225
11	1999	186,150,000	2.00	4.50	114.59	124.84	0.75	20.18	21.51	0.00	21.51	\$38,526,245	22.43	24.43	\$39,382,665
12	2000	186,150,000	2.00	4.50	124.84	134.04	0.75	21.51	22.30	0.00	22.30	\$41,261,695	24.43	26.43	\$42,125,105
13	2001	186,150,000	2.00	4.50	134.04	144.00	0.75	22.30	23.08	0.00	23.08	\$44,000,145	26.43	28.43	\$44,867,545
14	2002	186,150,000	2.00	4.50	144.00	155.00	0.75	23.08	23.88	0.00	23.88	\$46,738,595	28.43	30.43	\$47,609,985
15	2003	186,150,000	2.00	4.50	155.00	166.14	0.75	23.88	24.68	0.00	24.68	\$49,477,045	30.43	32.43	\$50,352,425
16	2004	186,150,000	2.00	4.50	166.14	177.15	0.75	24.68	25.48	0.00	25.48	\$52,215,495	32.43	34.43	\$53,094,865
17	2005	186,150,000	2.00	4.50	177.15	189.04	0.75	25.48	26.28	0.00	26.28	\$54,953,945	34.43	36.43	\$55,837,305
18	2006	186,150,000	2.00	4.50	189.04	199.04	0.75	26.28	27.08	0.00	27.08	\$57,692,395	36.43	38.43	\$58,579,745
19	2007	186,150,000	2.00	4.50	199.04	207.04	0.75	27.08	27.88	0.00	27.88	\$60,430,845	38.43	40.43	\$61,322,185
20	2008	186,150,000	2.00	4.50	207.04	214.02	0.75	27.88	28.68	0.00	28.68	\$63,169,295	40.43	42.43	\$64,064,625
21	2009	186,150,000	2.00	4.50	214.02	220.23	0.75	28.68	29.48	0.00	29.48	\$65,907,745	42.43	44.43	\$66,807,065
22	2010	186,150,000	2.00	4.50	220.23	229.23	0.75	29.48	30.28	0.00	30.28	\$68,646,195	44.43	46.43	\$69,549,505
23	2011	186,150,000	2.00	4.50	229.23	237.23	0.75	30.28	31.08	0.00	31.08	\$71,384,645	46.43	48.43	\$72,291,945
24	2012	186,150,000	2.00	4.50	237.23	245.23	0.75	31.08	31.88	0.00	31.88	\$74,123,095	48.43	50.43	\$75,034,385
25	2013	186,150,000	2.00	4.50	245.23	251.23	0.75	31.88	32.68	0.00	32.68	\$76,861,545	50.43	52.43	\$77,776,825
												\$1,463,463,335	\$1,463,463,335		

COMPARISON OF PAYMENTS TO NORTHEAST ENERGY ASSOCIATES
DRI Low Vs. Base Fuel Price Projections

Year	Generation Kwh	Projected Payment DRI Low c/Kwh	Projected Av. Cost DRI Low c/Kwh	Low Case Projected Total \$	Projected Payment DRI Base c/Kwh	Projected Av. Cost DRI Base c/Kwh	Base Case Projected Total \$	Low Case NPV(1988) Projected Cum. Diff.	Base Case NPV(1988) Projected Cum. Diff.
1 1989	186,150,000	6.50	4.76	33,239,010	6.50	5.90	31,303,050	33,239,010	\$1,303,050
2 1990	186,150,000	6.50	4.84	33,090,090	6.50	6.11	32,255,985	35,390,485	\$1,782,008
3 1991	186,150,000	6.50	4.78	33,201,780	6.50	6.30	33,725,300	37,700,246	\$2,021,184
4 1992	186,150,000	6.50	5.05	32,699,175	6.50	6.92	-3781,830	39,446,597	\$1,515,345
5 1993	186,150,000	6.50	5.17	32,475,795	6.74	7.34	-31,116,900	310,883,211	\$867,248
6 1994	186,150,000	6.50	5.38	32,084,880	7.29	7.99	-31,303,050	311,968,217	\$189,120
7 1995	186,150,000	6.50	5.84	31,228,590	7.93	8.93	-31,861,500	312,541,650	-3679,719
8 1996	186,150,000	6.50	6.32	3335,070	8.66	9.93	-32,384,165	312,681,911	-31,069,337
9 1997	186,150,000	6.50	6.77	-3502,005	9.57	10.94	-32,550,255	312,493,219	-32,020,773
10 1998	186,150,000	6.50	7.22	-31,340,280	10.67	12.04	-32,550,255	312,641,938	-33,485,400
11 1999	186,150,000	6.50	7.72	-32,271,030	9.96	13.28	-36,180,180	311,356,135	-35,351,744
12 2000	186,150,000	6.50	8.35	-33,443,775	11.12	14.64	-36,366,330	310,423,448	-37,075,950
13 2001	186,150,000	6.50	9.06	-34,785,440	12.22	15.99	-37,017,855	30,265,924	-38,780,590
14 2002	186,150,000	6.91	9.87	-35,510,040	13.46	17.60	-37,706,610	38,065,578	-310,459,453
15 2003	186,150,000	7.27	10.75	-36,478,020	14.63	19.34	-38,767,685	36,799,911	-312,172,467
16 2004	186,150,000	7.95	11.78	-37,129,545	16.01	21.31	-39,865,950	35,550,619	-313,901,252
17 2005	186,150,000	8.42	12.87	-38,283,675	17.47	22.99	-39,945,620	34,248,981	-315,516,092
18 2006	186,150,000	9.08	14.08	-39,307,500	18.80	24.74	-39,945,620	32,936,948	-317,058,832
19 2007	186,150,000	10.01	15.34	-39,921,795	20.25	26.61	-39,921,795	31,082,745	-318,556,340
20 2008	186,150,000	10.85	16.78	-39,921,795	21.49	28.28	-39,921,795	32,758,139	-323,590,740
21 2009	186,150,000	11.86	18.33	-39,921,795	22.73	29.90	-39,921,795	37,687,871	-328,730,123
22 2010	186,150,000	12.72	19.84	-39,921,795	23.90	31.53	-39,921,795	313,449,164	-334,202,197
23 2011	186,150,000	13.80	21.84	-39,921,795	25.21	33.30	-39,921,795	319,540,114	-339,258,037
24 2012	186,150,000	15.26	24.06	-39,921,795	26.52	35.07	-39,921,795	326,334,155	-344,008,837
25 2013	186,150,000	16.41	25.98	-39,921,795	27.99	37.64	-39,921,795	333,699,715	-350,633,404

Note 1. Discount Rate used in Present Value Calculations: 11.5%

Note 2. The avoided cost numbers presented above include 2 Cents/Kwh for the fixed capacity component.

**COMPARISON OF PAYMENTS TO NORTHEAST ENERGY ASSOCIATES
DRI High Vs. Base Fuel Price Projections**

Year	Generation Kwh	Projected Payment DRI High c/Kwh	Projected Av. Cost DRI High c/Kwh	High Case Projected Total \$	Projected Payment DRI Base c/Kwh	Projected Av. Cost DRI Base c/Kwh	Base Case Projected Total \$	High Case NPV(1988) Projected Cum. Diff.	Base Case NPV(1988) Projected Cum. Diff.
1 1989	186,150,000	7.44	7.34	\$186,150	6.50	5.80	\$1,303,050	\$186,150	\$1,303,050
2 1990	186,150,000	7.99	8.27	\$321,220	6.50	6.11	\$725,985	-\$252,298	\$1,752,008
3 1991	186,150,000	8.94	9.14	\$372,300	6.50	6.30	\$372,300	-\$520,874	\$2,021,184
4 1992	186,150,000	10.21	10.87	\$1,042,440	6.50	6.92	-\$781,830	-\$1,315,705	\$1,515,345
5 1993	186,150,000	11.89	12.45	\$2,233,800	6.74	7.34	-\$1,118,900	-\$1,920,656	\$387,248
6 1994	186,150,000	13.35	14.55	\$2,494,410	7.29	7.99	-\$1,303,050	-\$3,083,161	\$189,120
7 1995	186,150,000	15.09	16.43	\$3,408,545	7.93	8.93	-\$1,861,500	-\$4,247,405	-\$679,719
8 1996	186,150,000	16.63	18.46	\$3,408,545	8.66	9.93	-\$2,384,105	-\$5,673,391	-\$1,669,337
9 1997	186,150,000	18.25	20.45	\$3,408,545	9.57	10.94	-\$2,550,255	-\$7,210,879	-\$2,626,773
10 1998	186,150,000	20.00	22.50	\$3,785,440	10.07	12.04	-\$2,550,255	-\$8,815,433	-\$3,485,400
11 1999	186,150,000	17.50	24.89	\$13,785,485	9.90	13.28	-\$6,180,180	-\$12,989,600	-\$5,351,744
12 2000	186,150,000	18.90	26.98	\$14,854,770	11.12	14.54	-\$6,300,330	-\$10,992,762	-\$7,075,958
13 2001	186,150,000	20.54	29.12	\$15,971,670	12.22	15.99	-\$7,017,855	-\$20,872,274	-\$8,780,690
14 2002	186,150,000	22.18	31.53	\$17,485,025	13.40	17.00	-\$7,790,610	-\$24,803,908	-\$10,459,453
15 2003	186,150,000	23.81	34.95	\$19,001,700	14.63	19.34	-\$8,767,665	-\$28,388,168	-\$12,172,467
16 2004	186,150,000	25.30	36.93	\$21,649,245	16.01	21.31	-\$9,065,950	-\$32,181,710	-\$13,901,262
17 2005	186,150,000	27.09	39.81	\$23,305,980	17.47	22.99	-\$10,275,480	-\$35,844,354	-\$15,516,092
18 2006	186,150,000	28.88	42.48	\$25,310,400	18.86	24.74	-\$10,945,620	-\$39,412,596	-\$17,058,832
19 2007	186,150,000	30.66	45.29	\$27,233,745	20.25	26.61	-\$11,938,635	-\$42,855,183	-\$18,555,340
20 2008	186,150,000	32.00	48.03	\$29,339,845	21.49	28.28	-\$12,045,361	-\$51,741,699	-\$23,590,740
21 2009	186,150,000	34.00	51.98	\$32,203,950	22.73	29.96	-\$13,452,087	-\$61,241,639	-\$29,730,123
22 2010	186,150,000	36.77	54.40	\$32,818,245	23.90	31.53	-\$14,206,361	-\$72,009,045	-\$34,202,197
23 2011	186,150,000	39.00	57.98	\$34,994,690	26.21	33.30	-\$15,005,539	-\$83,542,669	-\$39,258,037
24 2012	186,150,000	40.80	60.57	\$36,691,700	28.52	35.07	-\$15,924,717	-\$96,745,803	-\$44,668,837
25 2013	186,150,000	42.65	63.26	\$38,374,807	27.99	37.04	-\$16,955,630	-\$110,488,600	-\$50,033,404

Note 1. Discount Rate used in Present Value Calculations: 11.5%

Note 2. The avoided cost numbers presented above include 2 Cents/Kwh for the fixed capacity component.

POWER SALE AGREEMENT

AGREEMENT entered into this 26th day of November, 1986, by and between Commonwealth Electric Company, a Massachusetts corporation with offices located at 2421 Cranberry Highway, Wareham, Massachusetts ("Company") and Northeast Energy Associates, Ltd., a Massachusetts limited partnership with its principal place of business at Margin Street, Cohasset, Massachusetts ("Seller").

The Seller plans to construct, own and operate an electric cogeneration facility utilizing two gas turbines, two heat recovery steam generators, and one steam turbine, to be capable of generating approximately 230,000 kilowatts of electricity (the "Unit"), at a site owned by the Seller in Bellingham, Massachusetts, more particularly described in Appendix A attached hereto (the "Site"). The Seller wishes to sell and deliver and the Company wishes to purchase and take delivery of a 25,000 kilowatt entitlement to the Unit, all pursuant to the terms and conditions as set forth in this Agreement.

THEREFORE, the parties, each in consideration of the agreements of the other, hereby agree as follows:

ARTICLE I. Sale of Power.

- (a) The Seller agrees to sell and deliver and the Company agrees to purchase and take delivery of a 25,000 kilowatt entitlement to the capacity and the related energy produced by the Unit during the term of this Agreement. The Seller may refrain from selling and delivering such electric energy as it may need from time to time to satisfy Unit requirements.
- (b) From the date of this Agreement through December 31, 1986, the Company shall have a one-time option, exercisable in the sole discretion of the Company by written notice to the Seller, to increase its entitlement to the Unit hereunder from 25,000 kilowatts to an entitlement of up to, but not exceeding, 32,500 kilowatts. Should the Company exercise such option, the resultant increased entitlement shall be subject in all respects to the terms of this Agreement. In addition, in the event that Seller enters a power sale agreement with Montaup Electric Company ("Montaup") containing a similar option for Montaup to increase its entitlement to the Unit by up to 7,500 kilowatts, and in the further event that Montaup elects not to exercise such option, or to exercise such option for less than the full 7,500 kilowatts, the Company shall have the further option, exercisable as set forth in the proceeding sentence, to increase its entitlement to the Unit hereunder by an

additional amount of up to, but not exceeding, the lesser of (i) 7,500 kilowatts, or (ii) 7,500 kilowatts minus the option amount exercised by Montaup. Should the Company exercise such option, the resultant increased entitlement of the Company shall be subject in all respects to the terms of this Agreement.

- (c) The Unit shall be staffed, operated and maintained in a manner consistent with the standards applicable to generating facilities owned and operated by participants in the New England Power Pool ("NEPOOL"), as such standards may be in effect from time to time during the Term of this Agreement. The Seller also agrees to make the Unit available for NEPOOL dispatch in accordance with the provisions of Section 12.2 of the NEPOOL Agreement dated September 1, 1971 as amended ("NEPOOL Agreement"). It is understood by the parties to this Agreement that Seller's agreement to make the Unit available for NEPOOL dispatch is not intended to limit the Company's obligation to purchase capacity and the related energy produced by the Unit pursuant to the several provisions of this Agreement.

- (d) In addition to the foregoing, the Seller shall undergo upon the request of the Company periodic capability audits

following procedures established pursuant to the terms of Section 8.13 of the NEPOOL Agreement. In the event that the Unit demonstrates a Capability (as defined at Section 15.6 of the NEPOOL Agreement) that is less than the "Qualified Capacity" of such Unit (the difference constituting a "Capacity Deficiency"), the Company may assess the Seller an offset charge equal to the Capability Responsibility Adjustment Charge established from time to time by NEPOOL pursuant to the provisions of Section 9.4 of the NEPOOL Agreement multiplied by the Company's percentage share of such Capacity Deficiency. The Qualified Capacity of the Unit shall be determined annually and shall equal the greater of (i) the winter period Net Capability of the Unit (as defined in Section 15.6 of the NEPOOL Agreement) as determined by a capability audit during each winter period following the In-Service Date and (ii) 230,000 Kw or, if any prior winter period Net Capability of the Unit has exceeded 230,000 Kw, the greatest prior winter period Net Capability.

- (e) During a reasonable period of time prior to the In-Service Date (hereinafter defined) ("Testing Period"), the Unit may generate some electric energy ("Test Power"). The Company agrees to take and pay for any Test Power offered for sale and delivered to it by the Seller during the Testing Period, subject to the following conditions: (i) the tests conducted during the Testing Period shall be in accordance with standard utility practice, (ii) the administrative committee established pursuant to this Agreement shall be

kept informed of operations during the Test Period, and (iii) the Company shall pay for any Test Power monthly at a price determined pursuant to the Company's generally available Power Purchase Rate Schedule (M.D.P.U. No. 106), or the generally available replacement therefore.

ARTICLE II. Effective Date and Term.

- (a) This Agreement shall become effective upon the date of receipt of acceptable MDPU approval as described in Article VII(a); provided, however, that the Company's obligation to purchase electric capacity and related energy (other than pursuant to Section I(d)) shall not commence until the day following the first five (5) consecutive days during which the Unit has delivered electric energy to the Company at full power ("In-Service Date"). Unless sooner terminated in accordance with any applicable provision hereof, this Agreement shall remain in full force and effect until the later of the twenty-fifth anniversary of the In-Service Date or December 31, 2013.
- (b) If, (i) all necessary permits and/or licenses to build and operate the facility have not been obtained, transmission services necessary to deliver power hereunder have not been secured, or construction of the Unit has not commenced by May 1, 1988, or (ii) in the reasonable judgment of either party exercised not sooner than twenty-four (24) months following the date first above-written, the In-Service Date is likely to occur after December 31, 1990, either party may terminate this Agreement upon sixty (60) days written notice to the other. Upon such termination, neither party shall have any liability to the other except such liabilities, if any, which shall have been incurred hereunder prior to such termination. In such circumstances this Agreement shall remain in effect following its termination to the extent necessary to permit any such liabilities to be extinguished.

ARTICLE III. Purchase Price.

- (a) From and after the In-Service Date the Company shall pay Seller each month in accordance with the provisions of Article VI an amount equal to the product of the Total Purchase Rate (as determined pursuant to Appendix B hereto and rounded to the nearest one-hundredth of a cent) and the Delivered Energy for the prior month (the "Billing Month").
- (b) The Delivered Energy for each Billing Month shall equal the product of (i) 0.99 and (ii) the kilowatthours metered during the Billing Month pursuant to Article V minus the Non-Pool transmission facility losses (in kwh) as may be applicable.

ARTICLE IV. Delivery by Seller.

- (a) Seller shall exert all reasonable efforts consistent with good utility practice to cause the Unit to operate and produce electricity at or near normal Seasonal Capability as defined in Section 15.38A of the NEPOOL Agreement on a continuous 24-hour basis for the full term of the Agreement. If, despite such efforts, the Unit operates at less than normal Seasonal Capability, as demonstrated pursuant to a capability audit per Section I(d) hereof, the entitlements of each of the purchasers from the Unit shall be reduced on a pro rata basis. Seller anticipates making steam sales of up to 100,000 pounds per hour of 200 psig saturated steam from the Unit, and shall not exceed such amount if, in the judgment of the Company, such increased steam sales would adversely effect the normal Seasonal Capability of the Unit.
- (b) Electricity generated by the Seller at the Unit shall be delivered to the Company at the 345,000 volt bus in Canal Electric Company Switchyard in Sandwich, Massachusetts (the "Delivery Point") in the form of three phase, sixty hertz, alternating current at approximately 345,000 volts nominal.
- (c) In the event that Seller is unable to obtain adequate transmission services for delivery of power hereunder ("Transmission Services"), the Company may enter into such agreements with suppliers of transmission services as may be necessary to effect such delivery, such agreements to be in a form acceptable to the Seller. Seller and Company agree that such provision of Transmission Services is to be solely at Seller's risk and expense and that the Company will enter agreements therefor solely as an accommodation to Seller. It is the understanding of both parties that the Company is not to stand any financial risk whatsoever by means of its contracting with a supplier of Transmission Services, and Seller hereby agrees to indemnify and hold Company harmless for any liability that may be incurred by Company by reason of its entering into any agreement for Transmission Services. Seller agrees to obtain and to continually maintain in effect insurance coverage, bond, surety or other vehicle or instrument in form, substance and amount satisfactory to the Company and which shall be at all times during the term of this Agreement adequate to reimburse the Company in full for the charges for twenty-four months of Transmission Services pursuant to any agreement therefore entered into pursuant to this Agreement. The Company shall be the specified sole beneficiary under the insurance coverage, bond, surety or other vehicle or instrument and evidence of the effectiveness thereof must be filed with the Company at all times during the term of this Agreement. Notwithstanding the foregoing, should a generally-available rate schedule (or any other means) pursuant to which Seller may contract directly for Transmission Services become available, Seller may, at its option, secure or the Company

may, at its option, require Seller to secure, Transmission Services directly from the supplier thereof.

- (d) The Seller may from time to time withdraw the Unit from service and cease to supply electric energy to the Company as necessary to perform scheduled or unscheduled maintenance or repair upon the Unit. The Seller shall comply with the provisions of NEPOOL Operating Procedure No. 5 as in effect from time to time when planning any scheduled maintenance or

repair upon the Unit. The Seller shall give the Company such notice as may be practicable in the circumstances when withdrawing the Unit from service for unscheduled maintenance or repair.

ARTICLE V. Meters and Metering.

- (a) The Company shall review and approve the metering installations required to record the quantities of electricity purchased from the Seller. Such metering equipment will be capable, inter alia, of providing data required to determine kilowatthours per hour purchased during each hour of the month as well as total kilowatthours purchased each month under the terms of this Agreement. Seller shall install, own, operate and maintain such metering equipment, which equipment shall be located at Seller's high voltage bus (or buses). If, for any reason, it is impractical to install meters at such bus (or buses), appropriate adjustments shall be made to reflect the actual amount of electric energy which would have been recorded by meters located at such bus (or buses).
- (b) Seller shall maintain all metering equipment installed pursuant hereto accurate by regular testing and calibration in comparison to recognized standards. The metering equipment shall be sealed, and Seller will comply with any reasonable request of the Company with regard to the presence of Company's representative when such seals are to be broken or when the meters are to be inspected, tested or adjusted. The Company may request, at any time, a test of the accuracy of any metering equipment installed pursuant hereto and shall bear the costs thereof in the event that said requests are made more frequently than once in each twelve months. The results of all meter calibrations or tests, whether or not performed at the Company's request, shall be open to examination by the Company at all reasonable times.
- (c) Any meter tested and found to register less than or equal to one half of one percent (0.5%) above or below the recognized comparative standard shall be considered correct and accurate. If the metering fails to operate or, as a result of such tests, the metering equipment is found to be defective or inaccurate, the Seller shall restore it to a

condition of accuracy or replace it. In such event, adjustment shall be made by the Company correcting all measurements made by the defective or inaccurate meter for either (i) the actual period during which inaccurate measurements were made, if determinable to the mutual satisfaction of the Company and Seller or (ii) if such period is not determinable, for a period equal to one-half of the time elapsed since the last prior test, but in no event greater than twelve months.

- (d) Other provisions of this Article V notwithstanding, the Company may elect to install its own metering equipment in supplement to the Seller's metering equipment. Should the Company so elect and should any metering equipment installed

by the Seller fail to register the amount of electric energy delivered to the Company during any period of time, the Company's metering equipment shall be used to determine the amount of capacity and related energy so delivered in lieu of the Company's estimates thereof. If the Company wishes its metering equipment to be so used, the Company agrees to operate, maintain and read such equipment according to the standards established by this Article V. The Seller agrees, upon request of the Company, to provide a suitable location at the Plant for installation of the Company's meters at no cost to the Company.

- (e) Upon written request of the Company, Seller shall install and bear the cost of such telemetering equipment and data circuits as the Company may reasonably require for the transmission of various metered values to its operations center. The design of and equipment specifications for such telemetering equipment and data circuits shall be approved by the Company prior to installation thereof by Seller.

ARTICLE VI. Billing and Payment.

- (a) The Company shall render monthly statements within ten (10) days following the receipt by the Company of all actual metered values for each month detailing the purchases of electricity hereunder during such month, with such statements based upon metered amounts determined pursuant to Article V adjusted for transmission losses as appropriate. The monthly statements shall also detail the purchases of capacity hereunder. Any amount payable hereunder not paid within thirty (30) days from the date of receipt by the Company of all actual metered values for the month shall be subject to a late payment charge at the annual rate of two (2) percentage points over the current interest rate on prime commercial loans then in effect at the First National Bank of Boston from the date of such receipt of metered values until the date of payment.

- (b) In the event that any data required for billing purposes hereunder are unavailable when required for such billing, the unavailable data may be estimated by the Company, subject to any required adjustment, based upon actual data, in a subsequent billing month.
- (c) Neither the Company nor the Seller shall have the right to challenge any monthly statement rendered or received hereunder, to invoke arbitration of the same or to bring any court or administrative action of any kind questioning the propriety of said monthly statement after a period of one (1) year from the date such monthly statement was rendered. In the event that any such monthly statement depends in whole or part upon estimated data, this one year limitation period shall be deemed to begin in the billing month in which such estimated data is adjusted to actual.
- (d) In the event that the Company has entered into any agreements for Transmission Services pursuant to Article IV, the Company shall deduct from any payments due Seller for electric energy purchased by the Company hereunder any payments made by the Company from time to time for Transmission Services. It is the intent of both parties to this Agreement that Seller shall be entitled to receive from the Company payment for electric energy sold to the Company minus all amounts paid by the Company for Transmission Services ("Net Payment"). In the event that the Net Payment for any payment month is less than zero, such Net Payment shall be billed to Seller and Seller shall reimburse the Company therefor according to the same standards as are established for payments to Seller by this Article.

ARTICLE VII. Governmental Regulation.

- (a) This Agreement shall be submitted by the Company to the MDPU in accordance with applicable regulations of the MDPU, and the Company shall use its best efforts to obtain expeditious approval thereof in accordance with such regulations. If such approval of the MDPU is not acceptable in form and substance to the Company and the Seller, this Agreement shall not become effective.
- (b) It shall be the responsibility of each party hereto to take all necessary actions to satisfy any regulatory requirements which may be imposed by any federal, state or municipal statute, rule, regulation or ordinance which may be in effect from time to time relative to the performance of such party hereunder.
- (c) This Agreement and all rights and obligations of the parties hereunder are subject to all applicable state and federal laws and all duly promulgated orders and duly authorized actions of governmental authorities.

ARTICLE VIII. Liability and Force Majeure.

- (a) The parties hereto shall be excused from performing hereunder (except for obligations of payment and indemnification) and shall not be liable in damages or otherwise if and to the extent that they shall be unable to do so or are prevented from doing so by statute or regulation or by action of any court or public authority having or purporting to have jurisdiction in the premises; or by reason of storm, flood, fire, earthquake, explosion, civil disturbance, labor dispute, act of God or the public enemy, restraint by a court or regulatory agency, or any other cause, whether or not similar thereto, beyond the reasonable control of the affected party. Each party shall have the obligation to operate in accordance with good utility practices at all times and to use diligent effort to overcome and remove the cause of failure to perform. Neither the Company nor the Seller shall, in any event, be liable to the other or to any third party for any consequential, indirect or special damages to persons or property, whether arising in tort, contract or otherwise, by reason of this Agreement or any services performed or undertaken to be performed by the Company or the Seller hereunder.
- (b) Whenever the Company's system or the systems with which it is directly or indirectly interconnected experience a "System Emergency", or whenever it is needful or desirable to aid in the restoration of service on its system or on the systems with which it is directly or indirectly interconnected, the Company may, in its reasonable judgment, curtail or interrupt the taking of electric energy hereunder, provided such curtailment or interruption shall continue only for so long as is reasonably necessary. Such curtailment, interruption, or reduction shall not be deemed to be a default by the Company nor shall the Company be liable therefor to Seller or to any other party. A System Emergency means an imminent condition on a utility's system which is likely to result in significant disruption of service or is likely to endanger life or property.
- (c) The Company and the Seller agree that each shall be responsible for the electricity on its respective side of the Delivery Point and shall indemnify, save harmless and defend the other against all claims, demands, costs or expenses for loss, damage or injury to persons or property in any manner directly or indirectly arising from, connected with or growing out of the presence or use of electricity or the transmission of electricity over the wires, cables, devices or appurtenances owned by it. The Company and the Seller respectively assume full responsibility in connection with the service rendered hereunder for their respective wires, cables and other devices used in connection with said

service. Each party hereto shall be solely liable for all claims of its own employees arising from any workmen's compensation laws.

- (d) Neither by inspection nor non-rejection nor in any other way does either party give any warranty, expressed or implied, as to the adequacy, safety or other characteristics of any equipment, apparatus or devices, installed on the other party's premises.

ARTICLE IX. Governing Law.

The interpretation and performance of the Agreement shall be in accordance with and controlled by the laws of the Commonwealth of Massachusetts.

ARTICLE X. Miscellaneous Provisions.

- (a) As described in Article VIII(a), this Agreement is to be submitted to the MDPU for its approval. When such approval is obtained in form and substance acceptable to the Company and Seller, this Agreement shall constitute the entire Agreement between the parties hereto relating to the subject matter hereof and all previous agreements (including a Power Sale Agreement between the parties dated October 15, 1986), discussions, communications and correspondence with respect to the subject matter hereof shall be superseded by the execution of this Agreement.
- (b) This Agreement may not be modified or amended except in writing signed by or on behalf of both parties by their duly authorized officers.
- (c) In the event that any or all of the NEPOOL standards referenced herein shall cease to be established, or if the Company ceases participation in NEPOOL, the Company may impose reasonable substitute standards which shall not materially alter the obligations of the Seller as such obligations existed under the NEPOOL standards.
- (d) This Agreement shall inure to the benefit of and bind the respective successors and assigns of the parties hereto, provided, however, that no assignment by either party (or any successor or assignee thereof) of its rights and obligations hereunder (except an assignment of such rights and obligations to a wholly-owned subsidiary or an affiliate wholly-owned by the same holding company as such party whose principal functions are, in the case of the Seller's assignee, to own and operate the Unit) shall be made or become effective without the prior written consent of the other party in each case obtained, which consent shall not be unreasonably withheld. All assignments by Seller shall be in such form as to assure that the Company's right to receive the electric output of the Site and/or Unit pursuant

to the terms of this Agreement shall apply against any entity which might obtain title or possession to the Site and/or Unit.

- (e) Notwithstanding any assignments of rights or duties hereunder, neither party shall be relieved of any duties or responsibilities under this Agreement and this Agreement shall continue in accordance with its terms and such party shall be and remain liable to the other under all provisions of this Agreement unless the other party has expressly consented in writing to such release of duties and responsibilities, such consent not to be unreasonably withheld. Further, any payments made by one party to an assignee of the other party or any other actions taken by such party with respect to such assignee shall be in full satisfaction of any duties or responsibilities which the party would otherwise owe to the other party, as if made or taken directly to such other party.
- (f) All notices required or permitted under this Agreement shall be in writing and shall be deemed to have been given when delivered personally or deposited in the mails, postage prepaid, registered mail addressed to the party to whom notice is being given at its address set forth above. Either party may change its address by notice similarly given.
- (g) The parties hereto agree to establish an administrative committee. Such committee will be empowered to do all acts and things necessary to implement the intent of the parties hereto as set forth herein and to take such further actions as may be required in the circumstances, provided that they are not inconsistent with the Agreement. Unless otherwise agreed by the administrative committee, such committee shall meet at least once each calendar quarter prior to the In-Service Date and at least twice each year thereafter. The Company and the Seller shall have equal representation upon said committee.
- (h) The Company's obligations hereunder are conditioned upon the Unit being certified as a qualifying facility ("QF") under the Federal Energy Regulatory Commission regulations (18 CFR 292 et seq.) implementing the Public Utility Regulatory Policies Act of 1978 (16 U.S.C.A. et seq.) upon the In-Service Date. Further, the Seller shall use best efforts to maintain such certification of QF status throughout the term of this Agreement. If, despite such efforts, certification of the Unit's QF status is revoked, suspended, or otherwise terminated after the In-Service Date, the Seller shall use best efforts to regain certification of such status and the Company and the Seller agree to continue to purchase and sell electric capacity and related energy from the Unit in accordance with the terms of this

Agreement, including, without limitation, the purchase price provisions of Article III.

- (i) If Seller enters into a power purchase agreement for sales of capacity and/or related energy from the Unit with a third party and if, upon review, the Company believes that such power purchase agreement contains terms more favorable to the third party than the terms of this Agreement are to the Company, then Seller shall make such more favorable terms available to Company for the remaining term of this Agreement, provided that Company commits itself to the other substantive terms of the Power Purchase Agreement with the third party.

ARTICLE XI. Arbitration.

- (a) In the case of any dispute between the parties with respect to the interpretation of this Agreement, or the performance of the same, either party may give notice in writing to the other of its desire to submit such questions to arbitration, and may designate an arbitrator. Within thirty (30) days after the receipt of such notice, the other party may, in writing, serve upon the party invoking such arbitration, a notice designating an arbitrator on its behalf. The two arbitrators so chosen shall, within twenty (20) days after the appointment of the second arbitrator, in writing, designate a third arbitrator. Upon the failure of the party notified to appoint the second arbitrator within such time, the party invoking such arbitration may proceed with the single arbitrator. If the first and second arbitrators are unable to agree on a third arbitrator within twenty (20) days of the appointment of the second arbitrator, the first and second arbitrator shall invoke the services of the American Arbitration Association to appoint a third arbitrator. Said third arbitrator shall, to the extent practicable, have special competence and experience with respect to the subject matter under consideration. An arbitrator so appointed shall have full authority to act pursuant to this Article. No arbitrator, whether chosen by a party hereto or appointed, shall have the power to amend or add to this Agreement.
- (b) The party calling the arbitration shall, within twenty (20) days after either the failure of the other party to name an arbitrator, or the appointment of the third arbitrator, as the case may be, fix, in writing, a time and a place of hearing, to be not less than twenty (20) days from delivery of notice to the other party. The arbitrator or arbitrators shall, thereupon, proceed promptly to hear and determine the controversy pursuant to the then current rules of the American Arbitration Association for the conduct of commercial arbitration proceedings, except that if such rules shall conflict with the then current provisions of the

laws of the Commonwealth of Massachusetts relating to arbitration, such conflict shall be governed by the then current provisions of the laws of the Commonwealth of Massachusetts relating to arbitration. Such arbitrator or arbitrators shall fix a time within which the matter shall be submitted to him or them by either or both of the parties, and shall make his or their decision, within ten (10) days after the final submission to him or them unless, for good reasons to be certified by him or them in writing, he or they shall extend such time. The decision of the single arbitrator, or two of the three arbitrators, shall be taken as the arbitration decision. Such decision shall be made in writing and in duplicate, and one copy shall be delivered to each of the parties. ~~The arbitrator or arbitrators by his or their award shall determine the manner in which the expense of the arbitration shall be borne, except that such party shall pay the costs of its own counsel. Each party shall accept and abide by the decision. The award of the arbitral tribunal shall be final except as otherwise provided by applicable law. Judgment upon such award may be entered by the prevailing party in any court having jurisdiction thereof, or application may be made by such party to any such court for judicial acceptance of such award and an order of enforcement.~~

ARTICLE XII. Insurance.

- (a) From and after the In-Service Date, the Seller shall (i) keep the Unit insured by means of a policy or policies of insurance protecting against loss or damage to the Unit by fire, lightning and other casualties normally insured against, with a uniform standard extended coverage endorsement, and (ii) maintain liability insurance as described in the Appendix D attached hereto. Such insurance is to be at all times in amounts not less than that reasonably required by the Company. The Company shall be the named insureds in said liability policies and said policies shall contain a waiver of subrogation in favor of the named insureds. All policies, or copies thereof, together with a certificate from the insurers evidencing that said policies are currently in force, shall be delivered to the Company.
- (b) Such insurance shall be provided by policies which shall be written by such companies and in such form as shall be acceptable to the Company, such acceptance not to be unreasonably withheld, shall be primary and without right to contribution from other insurance which may be available, shall provide that with respect to the Company, the insurance shall not be invalidated by any action or inaction by Seller including without limitation, any representation made by or on behalf of Seller in the procurement of such insurance and shall provide that such insurance shall not be

cancelled or amended without at least thirty (30) days' prior written notice to the Company.

- (c) Not less than thirty (30) days prior to the expiration date of each policy furnished by Seller pursuant to this Article, Seller will deliver to the Company a renewal policy or policies accompanied by evidence of payment of the premium therefor.
- (d) The amount of any proceeds of insurance described in Article XII(a)(i) above remaining after deducting all expenses (including attorney fees) incurred in the collection of such proceeds from the gross proceeds thereof (the "Net Proceeds") shall be applied to the prompt repair, restoration, modification or improvement of the portion of the Unit that was damaged or destroyed by such casualty unless the Seller and the Company have agreed that such repair, restoration, modification or improvement is not practicable under the circumstances.

ARTICLE XIII. Preservation of the Unit.

- (a) Seller in its sound discretion may sell or otherwise dispose of any machinery or equipment or other personal property constituting part of the Unit which it determines has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, provided that:
 - (i) Substitute property having equal or greater utility (but not necessarily having the same function) in the operation of the Unit is installed at the Unit and such removal and substitution will not materially impair the efficiency of the operations of the Unit or adversely affect the structural integrity or electrical output of the Unit or change the nature of the Unit to the extent that it would not constitute the type of electricity generation facility operated prior to such replacement; and
 - (ii) The prior written consent of the Company is obtained, which consent shall not be unreasonably withheld.

Seller shall promptly report to the Company each such removal, substitution, sale and other disposition. In addition, not less often than semiannually, the Seller shall make available to the Company's representatives on the administrative committee described in Article XI(e) all records with respect to prior dispositions and substitutions, together with information as to planned dispositions and substitutions during the next six months.

- (b) Seller shall pay or cause to be paid all taxes, payments in lieu of taxes, assessments and other charges now or hereafter levied against the Unit or any part thereof together with any penalties or interest on any of the foregoing; and upon request of the Company, Seller shall exhibit to the Company receipts for the payment of such charges prior to the date when same shall become delinquent; the foregoing to be subject however to the right of Seller and other parties in interest to contest in good faith the levying of such charges.
- (c) Seller warrants that good and clean record and marketable title to the Site and to the Unit is held by the Seller (subject only to any mortgages, liens, leases or other encumbrances existing as of record and copies of which have been provided to the Company). The Seller shall not enter into any transaction involving the transfer, sale or lease of the Site or the Unit, or any interest therein, without the prior written consent of the Company in each case obtained, which consent shall not be unreasonably withheld. Such transfer sale or lease shall be in such form as to assure that the Company's right to receive the electric output of the Site and/or Unit pursuant to the terms of this Agreement shall apply against an entity which might thereby obtain title and/or possession of the Site or Unit.
- (d) Seller will maintain or cause to be maintained the Unit in accordance with good industry practice, will not commit or suffer any waste thereof or the conduct of any nuisance or unlawful occupation or business on, or use of, the Unit, and will comply with, or cause to be complied with, all statutes, ordinances and requirements of any governmental authority relating to the Unit; and Seller at its expense shall provide the Company with a report on an annual basis prepared by a nationally recognized firm of consulting engineers of Seller's choosing approved by the Company (such approval not to be unreasonably withheld) attesting to the fact that the Unit is being maintained in accordance with good industry practice. If substantial items affecting long-term efficient operation of the Unit which are described in any such annual report as being in need of correction are not corrected within six months following such annual report, the Company may withhold payment of the Fixed Capacity Component of the Total Purchase Price Rate, with such amounts to be held in escrow by the Company until the cited item has been corrected, upon which correction the escrowed funds shall be released to the Seller. Notwithstanding the foregoing, if any such correction is not made within 12 months from the date of such annual report, the Company may elect to cause such correction to be made, and the escrowed funds shall be applied to cover the costs of such correction.

- (e) The Company and any persons authorized by the Company shall have the right to enter and inspect the Unit at all reasonable times upon reasonable prior written notice to Seller and to examine Unit operating manuals and maintenance records.

ARTICLE XIV. Security of Continued Performance.

The Parties acknowledge that the Company and its ratepayers will incur costs hereunder such that the Company and its ratepayers expect to receive full consideration therefor only to the extent that the Seller's obligations hereunder are fully performed and electricity from the Unit is sold to the Company for the full anticipated term of this Agreement. Accordingly, in order to secure complete performance of the Seller's obligations and the continued sale of electricity from the Unit to the Company, at the time of the primary project financing Seller shall provide security to the Company in a form which includes the following items:

(a) Mortgage and Security Agreement

Seller shall execute and deliver to the Company a mortgage and security agreement creating liens and security interests in the Site, the Unit, all improvements upon the Site and all rents, profits, income and other benefits derived from the foregoing, subordinate only to the interests of the primary lender, securing (i) all amounts paid by the Company to Seller pursuant to this Agreement in excess of the Company's actual avoided costs and (ii) performance of Seller's obligations under this Agreement for the full anticipated term thereof. Such mortgage and security agreement shall be in form and substance acceptable to the Company.

(b) Letter of Credit

Seller shall provide to the Company and shall maintain in effect for five years following the In-Service Date an irrevocable letter of credit for \$1,000,000. Such letter of credit shall be in form and substance acceptable to the Company.

(c) Easement and Covenant Running with the Land

Seller shall cause to be granted to the Company an unsubordinated declaration of easements, covenants and restrictions encumbering the Site for a period equal to the anticipated full term of this Agreement. Such declaration shall grant to the Company easements for access to the Site and for the placement and operation of facilities thereon,

as well as create restrictions and covenants to the effect that no electricity produced at the site shall be sold other than to the Company pursuant to this Agreement. Such declaration shall be in form and substance acceptable to the Company and shall run with the Site and be binding upon the successors of Seller and inure to the benefit of the Company and its successors.

(d) Agreements of Subordination and Attornment

Seller shall cause the first mortgagee to execute and deliver a subordination agreement, subordinating the interests of the first mortgagee to the foregoing declaration of easements, covenants and restrictions. Seller shall further cause such first mortgagee to agree to honor this Agreement to the extent it is in possession of the Site or Unit, and to transfer interests in the Site or Plant only under the condition that the transferee obligate itself to honor this Agreement.

ARTICLE XV. Rights of Company with Respect to Expansion of Plant and Extension of Unit Life.

Seller shall not enter into any contract for the sale of electricity from any addition to or expansion of the Unit or from any other electricity generation facilities located on the Site, until and unless, (A) the Seller shall have first offered to enter into a contract with the Company for the purchase and sale of an amount of such electricity proportionate to the Company's then current entitlement share to the Unit on substantially the same business terms as those specified in any proposal or letter of intent between Seller and any other party with respect thereto and (B) the Company does not accept such offer within thirty (30) days of the date presented to the Company in writing and enter into a contract reflecting such business terms within sixty (60) days thereafter. Further, should Seller operate the Unit beyond the term of this Agreement, the Seller shall enter into a contract for the sale of electricity from the Unit or any other electricity generation facilities located at the Site only under the conditions set forth in the foregoing sentence. The Seller agrees to keep the Company fully and promptly apprised through the administrative committee of any plans the Seller may develop for any addition to or expansion of the Unit or the development of any other steam or electricity generation facilities on the Site, which information the Company agrees not to disclose except with the Seller's prior written permission.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

COMMONWEALTH ELECTRIC COMPANY

By: 
Vice President

NORTHEAST ENERGY ASSOCIATES

By: International Energy Corporation
General Partner

By: 
President

#F 38853003.NBE

APPENDIX A

SITE DESCRIPTION

A 154 acre plus 19,555 more or less square feet parcel of land located in Bellingham on the Westerly side of Depot Street. Beginning at a spike on the south easterly corner of said property, thence S75-01-30W a distance of 876.02 to a steel "T" bound, thence S65-08-50W a distance of 1027.19 to an iron pipe in stones, the last two courses being by land N/F Jesse Jones, thence N-24-18-30W a distance of 146.39 to a stake, thence N32-54-20W a distance of 824.78 to a stake, ~~the last two courses being by land of Gerard,~~ thence S67-00-40W a distance of 589.75 to a stake, ~~thence S36-28-30W a distance of 11.68 to a stake,~~ thence S66-00-20W a distance of 97.48 to a stake, thence S70-18-00W a distance of 111.47 to a stake, thence S61-43-10W a distance of 214.02 to a stake, thence S59-42-20W a distance of 217.83 to a stake, thence S62-00-50W a distance of 170.09 to a stake, thence N88-00-00W a distance of 220 plus or minus to the center line of the Charles River, the last eight courses being by land of Peloquin in a northeasterly direction by the center line of the Charles River which is also the town line between Bellingham and Mandon for a distance of 3400 plus or minus to a corner, thence N66-51-00E a distance of 301 plus or minus to a twelve inch oak, thence N69-47-00E a distance of 114.16 to a twelve inch oak, thence N83-59-50E a distance of 150.78 to a ten inch oak, thence S77-46-00E a distance of 285.99 to a stake, thence N45-31-10E a distance of 226.09 to a ten inch oak, thence N05-42-30W a distance of 69.88 to an eight inch oak, thence N80-37-20E a distance of 160.14 to a fence post, thence N18-53-40E a distance of 41.57 to a fence post on the south westerly side line of the New York, New Haven and Hartford Railroad. The last eight courses being by land of Hazard, thence S39-50-50E a distance of 1413.57 by the sideline of the railroad to a spike on the westerly side of Depot Street, thence S19-11-40E a distance of 1,778.81 to the sideline of Depot Street to the point of beginning.

APPENDIX B

TPR = VARIABLE COMPONENT + PRODUCTION COMPONENT + FIXED
CAPACITY COMPONENT

Where: TPR = Total Purchase Rate

Variable Component = $P (4.5\text{¢/kwh}) (AFC/BFC)$

Production Component = $(PF-0.85) (100) (.04\text{¢/kwh})$

Fixed Capacity Component = 2¢/kwh

Definitions:

P = A decimal factor equal to .75 from the In-Service Date through December 31, 1998, and equal to .60 for the remainder of this Agreement.

AFC = Actual Fuel Cost, in dollars per barrel, which for each Billing Month shall be the average of the highest and lowest prices for No. 6 residual 2.2% sulphur fuel oil, as listed in the Journal of Commerce, under the heading "N.Y. Harbor Cargo Prices - Fuel Oil", for all Wednesdays in the Billing Month.

BFC = Base Fuel Cost, which shall be fixed at \$16.69 per barrel, the DRI forecasted average cost of No. 6 residual 2.2% sulphur fuel oil for the expected first full year of operation of the Unit.

PF = Production Factor, a decimal factor which for each Billing Month shall equal the quotient of (1) the total kilowatthours metered pursuant to Section V (prior to consideration of transmission losses) during the most recent 12 Billing Months times the Company's entitlement percentage and (2) the product of 25,000 kilowatts and the total number of hours in the most recent 12 Billing Months. During the first year of operation following the In Service Date, however, the PF for each Billing Month shall equal the quotient of the total kilowatthours, metered as above, times the Company's entitlement percentage for all Billing Months and (2) the product of 25,000 kilowatts and the total number of hours elapsed from and including the In Service Date.

PROVIDED THAT:

(1) From the In Service Date through December 31, 2000, the Variable Component shall not be less than 4.5¢/kwh (the "Floor Price"). There shall be no Floor Price after December 31, 2000;

(2) The Production Component shall not be less than -0.4¢/kwh nor greater than 0.4¢/kwh ; and

(3) In the event that No. 6 residual 2.2% sulphur fuel oil becomes unavailable or is prohibited from use in electric generation throughout Massachusetts, the BFC shall remain at 16.69 per barrel, but the AFC shall thereafter equal the average of the highest and lowest prices of the highest sulphur content No. 6 residual fuel oil available and allowed to be used for electric generation throughout Massachusetts, as listed in the Journal of Commerce under the heading "N.Y. Harbor Cargo Prices - Fuel Oil" for all Wednesdays of the Billing Month; and

(4) ~~If the Journal of Commerce ceases to publish the foregoing posted fuel prices, or ceases publication entirely, the Parties agree to use a mutually agreeable price reference or posting as a substitute.~~

APPENDIX B
EXAMPLE

This is an example of the calculation of a monthly bill, as determined in accordance with Article III of this Agreement and this Appendix.

This billing example will be for the Billing Month of January, 1994. The data is fictitious and is used for illustrative purposes only.

Assumptions:

(a) Kwh Production

		Company's Entitlement of Metered Kwh	Company's Entitlement of Losses (Kwh)	Company's Entitlement of Delivered Kwh
1993	Feb	15,402,000	306,500	15,095,500
	Mar	16,498,000	328,310	16,169,690
	Apr	15,504,000	308,530	15,195,470
	May	16,104,000	320,470	15,783,530
	Jun	17,442,000	347,096	17,094,904
	Jul	17,034,000	338,977	16,695,023
	Aug	20,080,000	399,592	19,680,408
	Sep	19,380,000	385,662	18,994,338
	Oct	16,094,000	320,271	15,773,729
	Nov	15,482,000	308,092	15,173,908
	Dec	15,890,000	316,211	15,573,789
1994	Jan	15,380,000	306,062	15,073,938
		200,290,000	3,985,773	196,304,227

For purposes of this example,

$$\text{Delivered KWH} = (\text{Metered Kwh} \times .99) \times .99$$

(b) AFC = \$26.17/barrel

$$\text{TPR} = \text{Variable Component} + \text{Production Component} + \text{Fixed Capacity Component}$$

$$\begin{aligned} \text{Variable Component} &= P (4.5 \text{ Cents/Kwh}) (\text{AFC/BFC}) \\ &= 0.75 \times 4.5 \times (26.17/16.69) \\ &= 0.75 \times 4.5 \times 1.57 \\ &= 5.30 \text{ Cents/kwh} \end{aligned}$$

$$\begin{aligned} \text{Production Component} &= (\text{PF} - 0.85) (100) (0.04 \text{ cents/kwh}) \\ &= [(200,290,000 / (25,000 \times 8760)) - 0.85] \times 100 \times 0.04 \\ &= [(200,190,000 / 219,000,000) - 0.85] \times 100 \times 0.04 \\ &= [.91 - .85] \times 100 \times 0.04 \\ &= .06 \times 100 \times 0.04 \\ &= 0.24 \text{ Cents/kwh} \end{aligned}$$

$$\text{Fixed Component} = 2.00 \text{ Cents/kwh}$$

$$\text{TPR} = 5.30 + 0.24 + 2.00 \text{ Cents/kwh}$$

$$\text{TPR} = 7.54 \text{ Cents/kwh}$$

APPENDIX C

LIABILITY INSURANCE

From and after the In-Service Date the Seller shall take out, carry and maintain, or cause to be taken out, carried and maintained the following liability insurance:

Comprehensive General Liability Insurance, including automobile and contractual liability and liability arising out of aircraft or watercraft, if applicable, with a combined single limit per occurrences of at least \$5,000,000 applicable to bodily injury, sickness or death and loss of or damage to property, subject to an aggregate limit of not less than \$5,000,000 for products and completed operations. Endorsements shall be included for (a) X, C, and U hazards (blasting, collapse and underground property damage), (b) broad form property damage, and (c) personal injury in addition to bodily injury.

APPENDIX D

PROJECTED PAYMENTS VS. AVOIDED COSTS

Year	Kwh	Projected Payments Cents/Kwh	Projected Payments Cents/Kwh	Projected Difference Total \$
1989	186,150,000	6.50	6.38	\$223,380
1990	186,150,000	6.50	6.88	-\$707,370
1991	186,150,000	6.50	6.07	\$800,445
1992	186,150,000	6.50	7.13	-\$1,172,745
1993	186,150,000	6.74	7.72	-\$1,824,270
1994	186,150,000	7.29	8.39	-\$2,047,650
1995	186,150,000	7.93	9.32	-\$2,587,485
1996	186,150,000	8.75	10.54	-\$3,332,085
1997	186,150,000	9.85	10.42	-\$1,061,055
1998	186,150,000	11.12	11.62	-\$930,750
1999	186,150,000	10.47	13.04	-\$4,784,055
2000	186,150,000	11.78	13.91	-\$3,964,995
2001	186,150,000	12.95	15.32	-\$4,411,755
2002	186,150,000	14.48	16.80	-\$4,318,680
2003	186,150,000	15.80	18.42	-\$4,877,130
2004	186,150,000	17.11	20.23	-\$5,807,880
2005	186,150,000	18.42	21.00	-\$4,802,670
2006	186,150,000	20.03	22.54	-\$4,672,365
2007	186,150,000	21.78	22.06	-\$521,220
2008	186,150,000	23.68	24.10	-\$781,830
2009	186,150,000	25.58	25.42	\$297,840
2010	186,150,000	27.18	26.97	\$390,915
2011	186,150,000	28.90	28.62	\$521,220
2012	186,150,000	30.73	30.38	\$651,525
2013	186,150,000	32.68	32.26	\$781,830

Note 1: The Projected Avoided Cost numbers include the yearly avoided energy cost plus 2 Cents/kwh for a levelized capacity value.

Note 2: These projections are based on the March 1986 DRI fuel price forecast, the forecast used during negotiations.

Information Request AG-2-10

Please provide copies of all Department orders, letters or other evidence of Department approval of the economic analysis or solicitations (RFPs) that led to the original Boston Edison contracts with NEA.

Response

Please refer to the response to Information Request AG-1-1, Attachment AG-1-1(c), the Department order approving the Boston Edison Company Power Purchase Contract with NEA dated April 1, 1986.

The order approving the Power Purchase Agreement dated January 28, 1988 is not available.

Information Request AG-2-11

Please provide copies of all Department orders, letters or other evidence of Department approval of the economic analysis or solicitations (RFPs) that led to the original Commonwealth contracts with NEA.

Response

The order approving the Power Purchase Agreement dated November 26, 1986 is not available.

Please refer to the response to Information Request AG-1-1, Attachment AG-1-1(b) for the Department order approving the Commonwealth Electric Company Power Purchase Agreement with NEA dated August 15, 1988.